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CONTENTS

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TWENTY-FIVE YEARS

THIS is the Hundredth Number of The Round Table. The first issue appeared in November, 1910, and twenty-five volumes are now completed, covering perhaps the most dangerous and difficult quarter-century that the British Empire has yet passed through. But the real history of the review begins in South Africa several years earlier. For it was from the experience of a group of friends working under Lord Milner after the South African War that there emerged the principles upon which The Round Table was founded. That experience seemed to demonstrate that "dominion over palm and pine" was neither a sufficient nor a true philosophy for the British Empire. The history of South Africa after the peace of Vereeniging was not a history of British dominion. It was a history of the experiment in responsible government—already begun in Canada, in Cape Colony and elsewhere in the Empire—under new and difficult conditions.

In 1906 the Liberal Government fulfilled the promise of the Vereeniging peace, and the two former Boer republics became self-governing colonies under the British Crown. But the constitutional problem of South Africa was thereby only half solved. It was bound to remain intractable at heart so long as there was a conflict of separate loyalties to separate colonial governments. The group of friends preached, as the only solution, a common South African constitutional authority claiming the free obedience of every individual citizen. In a monthly journal, *The State* (which may perhaps be regarded as the parent of The Round Table), they demonstrated that

only through the union of the four colonies and the creation of a common citizenship could South Africans deal with such matters as railways, tariffs, and policy towards the natives, and thereby obtain control over their own affairs. The organic union of South Africa was thus the road to a fuller freedom. In the Selborne Memorandum (1907) this doctrine had become official policy, and two years later it was fulfilled as the national achievement of the South African people.

While the South African Convention was sitting, naval rivalry between Germany and Great Britain was rapidly growing tenser, and in the following year a special conference to consider imperial defence was held in London. This was a sharp reminder of a problem wider than South African affairs. There were now under the British Crown four great self-governing Dominions. But their self-government was confined to domestic affairs. If there should be a war (and it was impossible to ignore the explosive European situation and the German challenge to the British sea-commonwealth) what would be their status? Who was responsible for decisions that might involve untold loss of lives and wealth to the peoples of the self-governing Dominions? Merely to ask these questions was to reveal that the Dominions were not self-governing in the most important issues of all.

In 1909 three members of the South African group asked these questions of a number of Canadian friends on a tour of the oldest Dominion. A printed memorandum set forth the issues involved in membership of the Commonwealth, now familiar to all but then little considered. In 1910, tours in New Zealand, Australia, and again Canada led to a further probing of the same problem, and to the foundation of Round Table groups in all the Dominions for its study.

By the end of 1913 the Round Table had two aspects. On the one hand it published a quarterly review, devoted partly to the discussion of these deep issues, partly to

affording mutual information on current affairs within the British Commonwealth, and partly to expounding without prejudice the chief international topics of the time. On the other hand it represented a body of men united in support of the principle of freedom and enquiring jointly, through the method of group study, how it could be preserved and expanded in the conditions of the then existing world. In calling for preparation against the German danger (as it did from the very beginning) THE ROUND TABLE was not merely, nor even chiefly, concerned with saving British skins. It was concerned with upholding against the despotic state what it began to call "the principle of the commonwealth."

The outcome of these group studies was a book, *The Commonwealth of Nations*, which was almost finished when the war broke out. It developed the argument of an age-long antithesis between freedom—the commonwealth—and despotism, tracing the history of political freedom, first through the Greek city States, and especially Athens, then through the evolution of the parliamentary system in the nation State, especially in Great Britain, and finally through the federal principle first applied on a continent-wide scale in the American Commonwealth. It argued that if freedom was not to be overthrown by anarchy or despotism the next stage was the establishment of a commonwealth of nations. The British Empire was pioneering the way to this discovery; in the process it was ceasing to be an empire. But the process was only half finished. As yet it was only "the project" of a commonwealth. Freedom on the new plane remained incomplete—the argument ran—so long as the Dominions could be dragged into war on the decision of another community. Freedom meant equality. But how could equality be achieved without disruption? For there could not be separate and conflicting voices on the issues of life and death. THE ROUND TABLE drew upon its South African experience, and upon the earlier experience of the United

States, Canada and Australia, and declared that the only final solution lay in "organic union."

This doctrine, however, was unpalatable to the newly born Dominion nationalism. The war itself also gave a demonstration of common loyalty, and of impressive efficiency in a common cause, operating, not through a single sovereignty, but through the co-operation of Dominion governments and peoples. The end of the war saw an attempt to use the principle of co-operation as the basis for a new international order, designed to secure the settlement of international disputes by reason and justice and not by war. Indeed, it had been suggested by The Round Table during the war that the formation of a League of Nations was the only way of preventing repetition of the disaster of 1914. Since the war, therefore, though it has never abandoned its view that the only final basis for freedom and enduring peace is the organic union of nations in a commonwealth, embracing the whole world or, in the first instance, a lesser part of it, The Round Table has been a consistent supporter both of the principles upon which the British Empire now rests, as set forth in the Balfour Memorandum of 1926, and of the League of Nations and the Kellogg Pact. It has felt that only by trying the co-operation method to the utmost and realising its limitations in practice would nations, within or without the British Empire, be brought to face the necessity for organic union. It has never subscribed to the doctrine, sometimes held in nationalist circles in the Dominions and among anti-imperialists in Great Britain, that a sense of international duty is incompatible with a loyalty to the British Commonwealth.

The root principle of The Round Table remained freedom—"the government of men by themselves"—and it demanded that within the Empire this principle should be persistently pursued and expressed in institutions. For that reason it denounced the post-war attempt to repress the Irish demand for national self-government by

ruthless violence after a century of union had failed to win Irish consent, as a policy in conflict with British institutions, and inconsistent with the principle of the British Commonwealth; and it played its part in achieving the Irish Treaty and the Dominion settlement. Within the limits of the practicable it fought for the commonwealth ideal in India. It was closely associated with the device of dyarchy, which seemed for the time being the most practical method of preventing the perpetuation of an irremovable executive confronting an irresponsible legislature, and of giving Indians practical training in responsibility for government—the device embodied in the Montagu-Chelmsford Report and the Government of India Act.

The expression of the commonwealth principle in British Empire affairs since the war has been, upon the face of it, largely centrifugal in effect. But The Round Table, while supporting the legal formulation of national freedom in the shape of Dominion autonomy, has never lost sight of its ultimate ideal of an organic and articulate Commonwealth. The purpose of devolution is not to drive liberty to the point of licence but to prepare for the ultimate basis on which alone freedom can be preserved, the reign of law over all. The present strained condition of international affairs has driven the same problem to the front to-day, just as the international danger of the pre-war world drove it to the front when The Round Table was founded. In international affairs, the co-operation of exclusive national sovereignties cannot be the last word in political organisation, if freedom is the goal. In war, even "collective" war, individual freedom goes down under the steamroller of necessity, and so in the last resort does national freedom. Federal union is the only security for the freedom both of the individual and of the nation.

Neither the organic unity of the world nor yet the organic unity of the British nations will come at once. Meanwhile, there are immediate tasks to hand. The

Twenty-five Years

Round Table, through twenty-five years, has continued to inform its readers in the different parts of the British Commonwealth about the affairs and opinions of other Dominions and of the United Kingdom. It has continued to discuss without bias of party the great issues of the day, especially in international affairs, and to give to the best of its power a faithful account of the underlying facts. The principle of anonymity has never been broken, and it remains not only as a means of obtaining material from sources that would otherwise be closed, but also as a guarantee that both the opinions and the facts presented in the articles are scrutinised by more than one individual judgment. Its volumes contain perhaps the most trustworthy raw material for the construction of a history of the British Commonwealth in our times.

Imperceptibly, the form of the review has changed to suit altered circumstances. Compared with the early volumes, there are now a greater number of articles, dealing with a greater diversity of problems. The Irish Free State has been added to the list of Dominions supplying regularly a first-hand account of their events and currents of opinion. The vital importance to the Commonwealth of friendship with the United States has found expression in regular articles from a brilliant sequence of contributors in that country. But the fundamentals remain unchanged. Groups in the four overseas Dominions still assemble their material and hammer out their views, metaphorically "round the table." Some of their members have shared continuously in this work for a quarter of a century; and in England, too, the group of friends who came together in South Africa still help to guide the destinies and contribute to the pages of the review they founded, though the chances of life and death have taken some of their number, and others have been brought in to contribute new points of view and younger blood. The present editor is the fourth to hold office.

From retrospect we turn to the future. The oppor-

tunity of the completion of 25 volumes is being taken to make changes in the typography and format of the review which are intended to give its readers the best possible product of modern printing. *A full subject-index of the first hundred numbers is to be published, an invaluable work of reference for political students and historians.* A greater number of articles will appear in future giving the facts of international affairs as seen from the national viewpoints of key countries. But the spirit and purpose of the review and of the groups of men responsible for it remain the same. The organic commonwealth of free peoples, as the only permanent foundation for liberty and peace, is still a vision, but it is a vision that has inspired twenty-five years of effort, and that will continue to inspire the renewal of that effort in the years to come.

EUROPE, THE LEAGUE AND ABYSSINIA

IN our last issue we wrote: "It is quite clear that the relative 'peace' of the last fifteen years is rapidly passing away."* It is passing so rapidly that we are not far from a major world crisis. That does not mean that we are in serious danger of a major war. But it does mean that if the drift towards war is to be stopped the problems confronting mankind must be looked at in a much larger way than has been customary during the last few years.

The event that has brought us to the verge of world crisis has been Signor Mussolini's apparent determination to annex Abyssinia to the Kingdom of Italy unless he is forcibly prevented from doing so. Whether Italy is going to war with Abyssinia or whether a settlement by pacific means can be found is an issue that will probably be determined by the conversations that are taking place at the time of writing between France, Great Britain and Italy, and hence it will be settled by the time this review is published. We shall not attempt, therefore, to deal with this aspect of the Abyssinian problem, but only with the intimate relationship that the Abyssinian issue bears to the larger problems before Europe and the world.

I. The End of the Post-War System

AFTER the world war, "peace" came to rest on three foundations. In the first place, Europe was "pacified" by the military alliances between France, Poland and the Little Entente, the main purpose of which was to maintain

* See The Round Table, No. 99, June, 1935, p. 460.

the disarmament of Germany and the other ex-enemy Powers and the territorial provisions of the treaties of peace. In the second place, the Far East was "pacified" by the Washington Treaties on the basis of the integrity of China, the "open door" therein for the trade of all nations, and equality of security in the Pacific for the United States, the British Empire and Japan through a relative naval strength represented by the *ratio* 5 : 5 : 3. In the third place, the League of Nations was brought into being in order to promote the peace of the world as a whole. It was to do this partly through an assembly of the representatives of all nations meeting at Geneva once a year to consider world problems, assisted by a Council meeting more frequently and by a permanent secretariat; and partly through acceptance of obligations under the Covenant, whereby all members undertook to submit every dispute, that did not yield to diplomatic procedure, either to judicial settlement or to arbitration or to investigation and report by the Council of the League, during a period that might be as long as nine months, before they resorted to war, and further undertook, under Article 16, to enforce economic sanctions against any nation that went to war without first submitting its dispute to this pacific procedure, or in defiance of an award under that procedure which had been accepted by the other party. The members of the League, under Article 19 of the Covenant, were further entitled to recommend revision of treaties that were out of date and liable to lead to war.

This peace structure lasted for some fourteen years after the signature of the Armistice. It did so for two main reasons. The first was the unquestionable military preponderance of those Powers which had won the war and were concerned to maintain the treaties; and the second was the exhaustion of almost all nations and their consequent readiness to acquiesce in the settlement agreed or imposed at the end of the war. To-day, however, all three elements of the "peace" have broken down. The

"pacification" of Europe has disappeared because Germany has recovered equality, which has meant in practice the power to repudiate the disarmament clauses of the Treaty of Versailles on the ground that the other signatories have failed to disarm, and the right to determine, like other sovereign States, the level of armament she considers necessary for her own security and the furtherance of her own policy. Her rearmament on such a scale that in a few years she will be the most powerful single Power in Europe is rapidly destroying the military preponderance of France and her friends, and is, therefore, undermining the sense of stability and "peace" in Europe, because she clearly is not satisfied with the treaty *status quo*. The "pacification" of the Far East has disappeared because Japan has made up her mind that her own security and prosperity depend upon her obtaining an exclusive position in and some measure of control over China, a position she has already taken in violation of the Nine-Power Treaty; and she has denounced the naval agreement in order to be free to build a navy bearing whatever ratio to those of the British Empire and the United States she thinks necessary to ensure her domination of the Far East.

The League of Nations is to-day a shadow of what it was intended to be. On the one hand, it never secured the adherence of the United States; so that the combination of the United States, the British Empire and France, which had won the war and which was intended—as provided by the Anglo-American Treaty of Guarantee against unprovoked agression towards France—to be the invulnerable centre of gravity at the heart of the League, was shattered from the first. On the other hand, the emasculated League has never been able to perform its functions properly under either Article 19 or Article 16, and it has become increasingly doubtful whether it can make either Article effective—and both are necessary to collective security—except against a small and weak Power. It is because the Abyssinian question is likely to

be the final test of this point that it possesses such peculiar importance at the present time.

II. The Military Time-Table

THE central problem in foreign policy to-day is to find a new foundation for stability in the world as a whole—a new foundation for a world "pax." Though there is no sign of any abatement in the passion for national sovereignty, it is becoming clearer every day both that isolation is an impracticable policy for any great Power and that even regional arrangements are of limited value so long as they are liable to be swept aside by events in the world as a whole.

In our view, the nature of the problem that confronts us can best be realised by a consideration of the issues raised by the recently signed Franco-Russian treaty of mutual assistance. When the post-war French system of "pacification" broke down through the rearmament of Germany, the reply of President Doumergue and M. Barthou was to substitute a Franco-Italian entente for the old rivalry and suspicion between the two Latin countries, and to bring Russia into the League of Nations in order to include her in the anti-German combination, with the purpose of maintaining a military preponderance against the possibility of German expansion by force of arms. Up to the present, so far as we can ascertain, the treaty is in the main a moral gesture. It has not yet been supplemented by a precise and automatic Franco-Russian military convention. If ever such a military alliance comes into being as a permanent element in the European system it will drag almost the whole world into a new alliance system, and destroy all hope of reconstructing the League, so long as it lasts. For its certain result must be the reappearance of that famous Schlieffen plan for the strategic defence of Germany which came into existence after the conclusion of the first Franco-Russian alliance of

1892. This will happen, not because of any malignity on the part of Germany, but because directly it becomes clear that if any Russo-German conflict breaks out (whether it *be provoked by Germany* or by Russia or arises out of some Balkan quarrel), Germany will have to face a simultaneous attack on both fronts, *she must make military preparations to protect herself*. And those military preparations are bound to take the form of a military plan for throwing her whole strength first against one of her enemies and then against the other, so that she may, if possible, have a superiority at the moment of battle against each. No soldier would divide his forces and either simultaneously attack or await the simultaneous onset of two armies together superior to his own.

A Schlieffen plan, therefore, involving an attack by the whole strength of Germany first on France and then on Russia, or the other way about, directly war breaks out, is an inexorable corollary to a Franco-Russian military alliance. And there are four other equally inevitable corollaries. The first is that Germany's eastern neighbours, Poland and Czecho-Slovakia, will have to join one or other of the two systems—the one that on the whole promises them the greatest security. Indeed, it is already clear that, if it comes to such a decision, Poland is likely to ally herself with Germany, and that Czecho-Slovakia and Rumania will ally themselves with the Russian-Italian-French combination. When that happens the so-called 500-miles barrier between Germany and Russia will have disappeared. The second corollary is that Germany will ask Great Britain whether in the event of a Russo-German conflict in the east of Europe, whatever its origin or purpose, she will automatically be drawn in through her engagements to France under the Locarno or any other treaty. If the answer is "Yes," Germany's inevitable reply will be to denounce the German-British naval agreement, which assumes peace between the two countries on the Locarno basis, in order to be able to defend herself in the

event of war by threatening British security from the sea. The third corollary is that Germany will endeavour to balance the Franco-Russian-Italian combination by making an equivalent alliance, if she can, with Japan, in order to weaken or immobilise Russia, who will then herself have to organise her defence on Schlieffen principles—this in addition to Germany's search for allies among the dissatisfied smaller Powers of eastern Europe. The fourth corollary is that when all these alliances are complete, and when the armies, navies, and air forces are as large as each nation can afford to make them, and are prepared to the last button to move with instant speed, the military time-table will come into operation. For victory or defeat in the event of war will largely turn then on speed in mobilisation, since he who hesitates or moves slowly will be caught unmobilised and annihilated before he can defend himself or strike back. And then the issue of peace or war will pass out of the hands of statesmen into the hands of accident, knaves or fools; for the first State, large or small, that orders a mobilisation or drops a random bomb will set the terrible military mobilisation scheme in motion, and mankind will stumble blindly into another orgy of universal carnage—a conclusion that no nation really seeks, as no nation really sought it in 1914.*

Fortunately the situation is still fluid, though it will rapidly harden unless statesmanship grapples with it in time. As we have already stated, the Franco-Russian treaty of mutual assistance, so far as is known, is not supplemented by any military convention. There are strong forces in France that are vigorously opposed to a Russian alliance, because it would place the policy of France in large measure in the hands of Russia—who wants peace, it is true, but is totally unconcerned with preventing that inter-

* Readers who wish to study the inevitable workings of the alliance system and the Schlieffen plan are recommended to read the Burge Memorial Lecture, *Pacifism is Not Enough, Nor Patriotism Either*, by the Marquis of Lothian, published by the Oxford University Press.

capitalist war in Europe which would be the salvation of her own system if she could manage to keep out of it herself. Herr Hitler seems anxious to avoid the danger, for in his famous speech of May 21 he declared, as one of his thirteen points, that

> in particular, Germany will observe and fulfil all obligations arising under the Locarno Agreement so long as other parties to that Agreement are themselves prepared to stand by it. The German Government regards observance of the demilitarised zone as an extraordinarily hard thing to require of a sovereign people as a contribution to the peace of Europe. It must, however, point out that the continued increase in the number of troops on the other side of this zone is anything but a complement to its own efforts in this direction.

This acceptance of the demilitarisation of the Rhineland is a real contribution to the peace of Europe, because so long as it exists it means that the dangerous Schlieffen situation is not yet in full existence, and that the need for the completion of a Franco-Russian military convention is not urgent.

On the other hand, any analysis of the realities of the present day European situation shows well how near we are to the restoration of that rigid military alliance system which makes change impossible without war, and which therefore makes war itself eventually inevitable. The alliance system, moreover, renders it certain that when war does break out it cannot be localised but must engulf practically the whole world almost at once, and it is therefore a complete negation of the League of Nations system for the pacific settlement of disputes and the prevention of war.

III. Adjustment or War

WHAT is the remedy? Fundamentally, the question that confronts the nations to-day is whether they can make peacefully the adjustments in the political and economic organisation of the world as a whole that reason,

justice or the necessities created by changes in human thought and economic enterprise require. That, in turn, means a capacity both to bring about such changes as may be reasonably necessary without general war and to prevent unreasonable changes from being made by war.

The western Powers, not unnaturally perhaps, have tended to believe that it was possible to maintain permanent peace on the basis of the treaties of 1919 and 1922. That is clearly now impossible. In many respects the treaties were sound. In others they were too severe. In any case subsequent events, and especially the recuperation of the defeated Powers and the inability of certain Powers with rapidly expanding populations to find either territory in which to settle them or markets in which to sell the products of their labour, are making necessary far-reaching changes—either in territorial boundaries or in the practice of economic nationalism—if war is to be avoided. To put the issue in the concrete—if there is to be peace, a more ample "place in the sun" must be found to-day for Germany, Italy and Japan than they obtained in 1919, and this may be equally true of other Powers to-morrow. The future of the League depends entirely upon whether it can prove itself the agency for bringing the necessary changes about both with reasonable justice and by pacific means, while preventing unreasonable changes from being accomplished by war.

The significance of the Abyssinian question is that it brings this issue nakedly to the front. The driving force behind Italy is her imperative need for territory or markets. The world is still in the grip of economic nationalism and the expansion of Italy's foreign trade is not, at the moment, a possible solution, at any rate on a scale commensurate with the underlying problem. Italy clearly does not feel strong enough to issue a challenge to the British Empire or to France to transfer to herself part of their own immense empires. Nor in their present temper would she succeed if she tried. There remains Abyssinia—a country thinly populated, under a primitive form of government, and

uncivilised in the sense that it is one of the last strongholds of slavery, a country that is constantly menacing its neighbours (including both the British Empire and Italy) by armed raids for loot or slaves, and has little of the administrative or mechanical organisation of the modern era. Italy has apparently made up her mind to solve her own difficulties by what can only be described as a brutal attack on a neighbour, in violation of her treaties and without first trying to obtain a reasonable settlement, either from Abyssinia or from other Powers, by League procedure.

The problem has been complicated by two things. In the first place it has been made more difficult of solution by Signor Mussolini's total inability to comprehend that the concepts underlying the League of Nations mean a great deal to a large part of Europe and to the English-speaking world, and by his obstinate insistence on being left to deal with Abyssinia as he pleases, in the name of a brutal imperialist militarism of a kind that the last war was largely fought to end. In the second place the problem has been complicated by the insistence of the supporters of the League of Nations in the past upon treating the League primarily as an instrument for preventing war by the use of sanctions under Article 16, while altogether disregarding its function as an instrument for bringing about revision of out-of-date conditions by peaceful means. The blunder of the so-called " peace ballot "* was that it concentrated attention on the defensive aspects of the League and ignored the constructive aspects. It ought to have included a question whether the signatories regarded Article 19 as being of equal importance with Article 16, and whether they would be prepared for the transfer of British territory to other nations, or the mitigation of tariffs and quotas, if such a course were regarded by third parties as being necessary to secure justice and reasonable opportunity to other nations and to prevent war. Thus the real issues underlying membership of an effective League would have been made clear.

* See below, p. 697

As we have already said, the decision as to whether collective action—constructive or minatory—can prevent an Italian attack on Abyssinia will have been taken before this review appears, and we do not, therefore, discuss this issue. We propose to conclude the article by returning to the major subject, and to consider whether there is any way of escaping from the fatal alliance system already described, by enabling the League to solve those larger questions of adjustment of which the Abyssinian issue is an illustration.

IV. A Revivified League of Nations

WE can escape the re-emergence of the 1914 alliance system—with the difference that Japan will be on the side of Germany in place of the old Austro-Hungarian monarchy—only if we can solve the problem of finding a reasonable "place in the sun" for all nations. For, as all history shows, armaments and war are instruments and consequences of policy. If you want to limit armaments and prevent war you must reach agreement about policy first. And that "place in the sun" must cover both territorial and economic needs. The pressure for that most difficult thing—the transfer of territory—will lessen in proportion as security for raw materials and markets can be obtained for all nations in other ways.

In our view the issue depends upon whether the League of Nations can be restored to reasonable universality and efficiency. While the League cannot create a true and final "pax," because it is based on the co-operation of sovereign States and not on the pooling of a part of national sovereignty in a federal union, the ideas that underly it are the only alternative, in present world conditions, to a return to the naked alliance system on the fatal lines we have described. But the League cannot be restored on the narrow basis that now dominates the thinking of many of its champions. The real issue, to-day, is the issue raised

by General Smuts in the remarkable speeches he made in Great Britain last year.* Whatever the original hopes and aspirations of the framers of the Covenant may have been, can the League be restored or even preserved by trying to make it a league of force, with insistence on automatic sanctions as the main preventive of war? Or is the way to restoration to recognise that the League to-day cannot be made to perform the duties of a world State, and to concentrate on making it a focus for world opinion, an agency for widening national outlooks into a comprehension of world problems, an instrument of reason and conciliation, to which all nations can be expected to belong because membership involves no automatic obligation to do more than confer, but which may make possible effective co-operative action against aggression or in favour of revision, when the particular circumstances create the necessary understanding and determination in the public opinion of the constituent nations?

We have no doubt that General Smuts was fundamentally right, and that by far the most important thing to-day is to preserve and rebuild the League as a conference of all the nations, much more concerned with Article 19, even at the price of abandoning for the time being the automatic obligations and penalties under Article 16. It has been the automatic character of these Articles that has prevented some nations, notably the United States, from joining the League and that, together with a failure to make Article 19 effective, has tended to drive others out of the League, Japan and Germany yesterday and possibly Italy to-morrow—even though when it comes to the point experience shows that sanctions cannot be enforced against any of the larger Powers, because the use of sanctions, being the coercion of a sovereign State against its will, means the imminent risk of war. Everybody knows that the British Commonwealth could not exist upon the basis of such automatic mutual obligations as are contained in the Covenant. Why should we expect

* See, in particular, *The Times*, November 13, 1934.

foreign and independent nations, united by no bonds of history or blood or constitution, to make effective a rigid organisation and an automatic obligation which we reject among ourselves?

By far the most important thing to-day is to make the League the forum where those larger territorial and economic questions, so vital to the future of its members and to the peace of the world, can be ventilated and discussed in an atmosphere of reason and mutual comprehension. There is to-day no other place where national problems can be debated in their world setting. The League must be restored as a conference system of all the nations before we try to make it into the universal international policeman.

This does not mean any important modification of the Covenant. The League will be effective not because of legalistic obligations but in proportion as its members learn from its deliberations to take world views and to understand their neighbours' needs and so become prepared to take common action for world purposes. This they are far from doing in this nationalist age. Yet the League is the only instrumentality for mitigating selfish nationalism. It is imperative, therefore, to preserve it in existence and to restore its universality, even at the price of abandoning that principle of automatic obligation to take sanctions which is the main deterrent to membership. For only in universality can there be laid the foundations of a new world outlook, which is the necessary preliminary to a new world order.

Such a league of all nations may not prevent all wars, but it may localise them. It may not prevent all injustice, but it may bring such pressure of opinion to bear that disputes end much more justly than would otherwise be the case. It may not be able to force revision of treaties and frontiers, but it may gradually educate nations in one another's needs and pave the way for revision by agreement. It may not be able to order a reduction in tariffs, but it

may be the means of bringing all nations to understand both the need and the method of reopening the channels of international trade and so lessening that pressure for territorial expansion which is the greatest force driving towards war, in order that minor territorial exchanges may suffice. It may not be able to order sanctions, but where enough powerful nations are agreed—and where that essential condition of sanctions is present, that like the policeman they represent irresistible power—they may be taken in the league's name against a manifest aggressor.

Above all, by raising the thoughts of nations out of preoccupation with their own affairs, such a league may awaken them to the dread alternative of the alliance system, with its terrible military time-table and the inevitab'e consequence of instant world war, and may so persuade them not merely towards its own principles but eventually towards that organic unity which is the only ending of war. Yet this possibility—the one thing that may prevent a new Schlieffen plan from coming into being on a world-wide scale—is being imperilled by the narrow enthusiasts who insist that the League shall be primarily a league of force, its members being bound to take action that may precipitate general war directly a legalistic obligation is incurred. What all lovers of the League ought to press for to-day is a determined effort to bring back into its councils all those nations that have left the League, and the United States also—if necessary by making Article 16 of the Covenant no more mandatory than is Article 19, while making Article 19 itself a central function of the League. In this lies the one hope of saving mankind from plunging back into an abyss more awful than that into which they were unwillingly thrust in 1914.

AGRICULTURAL POLICY AND HEALTH

I. A Problem of Distribution

THE paradox of poverty in the midst of plenty has been publicised to the point of nausea in the dark years of depression. We are so wealthy that we must needs be poor; we can find no better cure for our inability to consume than destruction of the goods that our people need but cannot buy. Is there no other way out?

Of course there is, say the inflationists, the Douglas Creditites, the blackshirts, the easy-money men. Expand purchasing power by drawing cheques against the "National Dividend," by raising unemployment pay and unbalancing the budget, or simply by printing notes and somehow or other putting them into circulation. But there are always two troubles about this facile type of solution. Inflation, like vaccination, sometimes does not take. Nothing could be more inflationary than United States official policy—public works, silver-buying, easy money, a stupendous national deficit. Yet for many months the pump has refused to be primed, purchasing power has remained power and refused to become performance. There are two great checks on private and corporate spending: one is not having enough money, and the other is not having enough confidence.

But even if reflation—virtuous sister to the wench inflation—succeeds in its purpose there is another difficulty to be faced. In a period of monetary expansion, wages invariably lag behind prices; while the number of wage-earners increases through the reduction of unemployment, the purchasing power of wages diminishes.

Hence the net result may not be an increase in the total quantity of necessities consumed, though we may hear less of the paradox of poverty and plenty because primary products command better prices. Consumption of foodstuffs in this country has been at least as high in the slump as it was in the last boom. In a new boom, with prices rising faster than incomes, it might not further increase. Primary production might meanwhile expand under the stimulus of higher prices, so that eventually only an accident to confidence would be required to draw aside the veil from the old paradox, now grown still more vicious. These are only suppositions, but they are based on past experience. They suggest that while it may be wise to prime the pump of purchasing power, this in itself cannot permanently cure our failure to consume, at a reasonable profit to the producer, the raw foodstuffs that nature and our own ingenuity combine to provide.

We do well to realise that this surplus of foodstuffs is only a relatively small affair. The problem of poverty has not been solved on the production side, as inflationists usually assume, by some miracle of modern technique. We do not simply await the magic of a monetary wand to bring to the consumer a vast potential supply of cheap agricultural products. We are faced with the much more limited problem of a persistently unprofitable market for the primary producer, a problem rendered all the more poignant because it contrasts with many unsatisfied human needs. Admittedly, defects of distribution are largely to blame, both in the sense of the distribution of national income between individuals and classes and in that of distribution through retail and wholesale trade. The rich, becoming less rich, consume very little less food, whereas the poor, growing poorer, spend necessarily less upon the alimentary necessities of life. Again, so great is the proportion of intermediate charges that the retail price of some food article may fall by only a trifling percentage when the return to the farmer is halved; this reason, far

more than the satiety of consumers, is responsible for the notorious inelasticity of demand for agricultural products.

In another sense still, and a broader one, the problem of agricultural surpluses is a problem of distribution. The great primary producing countries of the world simply cannot reach their natural markets. When a boom breaks, and prices fall, agricultural interests in the importing countries demand defence by tariffs, quotas and every kind of device to maintain an artificial home market. The result is that, instead of being drained away by enlarged demand, the world surplus of foodstuffs piles up still further. Prices fall again, the barriers to trade are heightened, and so the vicious circle revolves. Economic nationalism is the great enemy of primary producers everywhere, not only in the exporting countries but in the long run in the importing countries also.

The Economic Committee of the League of Nations, in its recent report on agricultural protectionism,* came emphatically to the conclusion that excessive protectionism, induced by the fall in prices, has defeated its own ends.

> The fact that to-day, in the countries of Europe as a whole, more meat or more butter is produced than was being produced before the war, does not prove that this increased production could not be absorbed if the mass of the population, which has also increased, found itself in a normal economic situation. One need only think of the millions of people who are unemployed or underfed to realise that the disparity between supply and demand must to a large extent be attributed to the falling-off in the number of persons possessing the wherewithal to purchase the commodities in question at the high prices kept up by the protectionist system.

This argument was supported by figures, given in a memorandum to the Committee by Sir Frederick Leith-Ross, showing that while the consumption of fats (butter, margarine and lard) in the United Kingdom rose between 1930 and 1933 from 38·6 lb. per head to 41 lb. per head, in Germany it fell during the same period from 42·3 lb. per head to 38·2 lb. per head, and declined even more

* League of Nations, No. C. 178. M. 97. 1935. II.B.

sharply in 1934. Similar figures for the consumption of meat between 1930 and 1933 showed a rise from 140 lb. to 145 lb. per head in the United Kingdom, against a fall from 111·3 lb. to 109·0 lb. in Germany. The results of artificially high prices could not be more plainly displayed.

Yet although the economic argument against the present strangulation of international trade is unanswerable, it fails to better things because it is only a bludgeon, without a sharp edge. It batters, but cannot cut, the knot of national rivalries. It belabours the vested interests, but can neither placate nor defeat them. Is not the cutting edge to be found in the question of public health? The problem, in this light, ceases to require multilateral discussion between Great Britain and Australia and Argentina or this and that country before anything can be done; it becomes a matter for inter-departmental co-ordination within the precincts of Whitehall. There stands the Ministry of Agriculture, trying to raise the prices of home-grown foodstuffs, inevitably raising also the prices of cheap imported foods. And across the street are the Ministries of Health and Education, laden with the burdens of under-nourishment and of sapped resistance to disease. Our departmental policies do not square with each other. We are spending well over £12 million a year on housing subsidies, and more millions on slum clearance and reconditioning, all because the poorer families of this country cannot afford to spend more than ten shillings or so a week for house-rent, and are forced, for want of ability to pay an economic rent for good housing, to congregate in huddled and verminous slums. This problem is certainly not eased by making those same people pay more for bacon or butcher's meat or milk. How closely interlocked are the problems of housing and food is proved by the results of investigations which show that physical welfare and resistance to disease are often lower among residents in new housing areas than among precisely similar groups of people still living in the slums—simply because

after paying their rent the slum-dwellers have more of their weekly budget left over to buy food. In other words, all the taxpayer's money that is going into housing will be completely wasted, from the point of view of public health, unless we can bring cheap and plentiful food to the people whom we seek to assist.*

II. British Policy

WHERE does this lead us in the practical consideration of our agricultural policy? The British farmer, in these times, cannot be left to sink or swim, because in most instances he would sink very soon. There are four main ways in which national agriculture may be assisted—by state-aided and possibly state-enforced organisation for production, transport and marketing; by quota restrictions designed to raise prices; by tariffs; and by subsidies, with which may be included public subventions to enable classes of consumers to procure farm products who could not otherwise afford them. Now, organisation to secure the advantages of bulk transport, long-term contracts, large-scale distribution and steady supply is an effort at which no one will cavil. Organisation to procure monopoly profits, on the other hand, will assuredly defeat itself, because in the end the people will have none of it, and the whole structure of artificially rigged prices will come toppling about the farmer's ears. There are aspects of present marketing schemes that bear the mark of uneconomic artifice. For instance, the milk marketing scheme equalises the return per gallon to all farmers in each very wide area. The result is that farmers near to their markets, or previously able to command a premium over the open-market price because of the special quality of their milk, are now forced in effect to subsidise production

* The whole subject of nutrition and public health is fully and luminously treated by MM. Burnet and Aykroyd in the Quarterly Bulletin of the Health Organisation of the League of Nations, Vol. IV, No. 2, June, 1935.

on distant or inefficient farms. Judged by the standard of consumer needs, there is no sense in this.

Nor has the consumer any interest in the maintenance of prices by the clumsy method of restricting imports by quotas. The fact that under restriction we have been paying New Zealand more money for less mutton, and Denmark about the same in 1934 as we paid in 1933 for 29 per cent. more bacon, may be a good reason why New Zealand and Denmark should continue to accept our policy with good grace, but it is not encouraging to those who would like to see the standard of living raised, and the world agricultural problem solved, by a rising rate of consumption. The apparent decision of the British Government to relinquish this means of helping British agriculture, so far as may be consistent with present arrangements, is a blessed relief. The tariff is a different thing. It has, indeed, many of the defects of the quota in inducing retorts in kind from other countries, and in *dangerously complicating imperial relations.* It has the additional defect, as an instrument of protection, that it may not succeed in checking imports, by reason of the great pressure to sell. In so far as this happens, on the other hand, the tariff produces revenue which may perchance be made available to help the home producer in other ways. And the possibility of imports that can leap the tariff is an invaluable check on too great a rise of prices through the inadequacy of home supplies. The iron and steel tariff was originally granted on condition that the British industry "rationalised" itself with a view to trimming its costs down to the world competitive level; and at Ottawa the preferences on wheat and base metals were granted on condition that sufficient Empire supplies should always be forthcoming at world prices. The principle of these precedents might well be applied to agricultural tariff policy.

Subsidies are dangerous things. They create, as we have seen from the notorious example of sugar-beet, an

even more powerful and more vociferous vested interest than do tariffs. If applied to the point of production, they tend to buttress inefficiency; for while to the efficient farmer they may be "money for jam," to the incompetent they may be the means of averting a change to better methods under other hands. Even so, they have the advantage of tending to lower prices to the consumer, though by the dubious means of intensifying competitive pressure. Many of these defects disappear if the subsidy is applied to the point of consumption, that is to say, if the purpose of the subsidy is to expand demand rather than directly to raise producers' gross returns. Such a subsidy may take many forms—a direct grant to wholesalers or retailers on condition they lower prices by an equivalent amount; free or cheap foodstuffs for children, the unemployed, or other defined sections of the population; increased government purchases of home produce for the services; advertising propaganda designed to secure the advantages of mass sale; cheap capital, or free grants, for the reconstruction of wholesale markets or means of transport and warehousing; improvement of nutritive values through subsidised campaigns for cleaner milk or better use of foodstuffs.

Thus the general conclusion that we reach by bringing together the problems of health and of agriculture is that the best type of protective policy is a moderate tariff whose proceeds could be made available, directly or indirectly, to expand the consumption of agricultural products. This dual policy is put forward rather because of its practical appeal than because of its theoretical perfection; for it is recognised as unsound in theory to appropriate the proceeds of any particular tax, unless it is in effect a charge for services rendered, to some particular expenditure. We ought obviously to levy import duties according to the merits of the case, and subsidise according to the merits of the case; it is most unlikely that the revenue and expenditure respectively involved would exactly balance, not merely

to-day but over a period of years. The plan is suggested purely because in practical politics the revenue necessary to promote the consumption of nutritive foods is exceedingly hard to come by, whereas a new tariff or one replacing a quota would mean no extra burden upon an already heavily laden general budget. The consumer of the product in question would of course be paying a tax, however well disguised under less sinister names; but in this case he would be gaining on the swings what he lost on the roundabouts. It is not proposed, however, that the dual policy should be necessarily applied separately, commodity by commodity. It might well be, for instance, that the proceeds of an import levy on meat could be best spent upon promoting the consumption of milk, or of a levy on cheese upon promoting the consumption of eggs.

III. Specialisation

AGRICULTURAL policy, indeed, both national and imperial, must be based upon the principle of specialisation. We ought to concentrate our energies and our fiscal resources upon those branches of agriculture for which we are relatively best fitted, leaving the widest possible market for other products exported by the Dominions and by foreign countries with whom we have close commercial and financial connection. At this point also the problem of health provides a clue to the right policy. The foods of the greatest nutritive value, in respect of the quality of their protein and their content of minerals and vitamins, include milk, butter and cheese, eggs, green vegetables, fruits, liver and some other forms of meat "offal." The foods that are poor or lacking in these essentials (though often of equal "fuel value") include bread and other cereal products, sugar, meat and root vegetables.* A diet of bread and meat and jam,

* A German expert (von Hösslin) reckoned that in Germany in 1933 a given sum of money, spent on milk, could purchase twice as much animal protein, and five times as many calories, as the same sum spent on meat.

though possibly ample for hard work, gives little resistance to disease, from dental caries to tuberculosis. It is because the second group comprises most of the cheapest foods, reckoned only by capacity to fill stomachs, that the problem of poverty and health is so acute.

Now it so happens that most of the products in the first group, the group of "protective" foods, are those upon which this country is peculiarly fitted to concentrate, for climatic or economic reasons—such as the need to be close to the consuming market. Our agricultural policy should plainly be directed to stimulating by all means in our power the consumption of milk and dairy products, eggs, green vegetables and fruit. Incidentally, the protective foods also include fish-liver oils, and fat fish like the herring, which should be a far more important item in our national diet than it is; hence under the banner of national health the Ministry of Agriculture and Fisheries need not be divided in its allegiance.

Above all, we should do everything possible to further the consumption of milk and its products.

> Milk is rich in minerals, especially lime salts and phosphates, it contains protein of the highest nutritive quality, and, when taken raw or when heated for a short time only, possesses definite antiscorbutic properties. Milk fat or butter is rich in vitamin A, and in summer is also a valuable source of the antirachitic vitamin D. A liberal allowance of milk is indispensable in infancy and childhood; at all ages milk is probably the most important single article of food.*

Many of the nutritive properties of raw milk are lost or diminished in the processes of manufacture. Hence, especially in view of the ample supplies of cheap butter-fat available from the Dominions, our policy for home agriculture ought clearly to be directed towards making liquid milk as cheap and as good as possible, even at the cost of some charge upon butter and cheese. The present system

* *Diet and Climate*, by Harriette Chick, C.B.E., D.Sc. Paper read to the Royal Society of Arts, p. 16.

of making the fresh milk pay for maintaining the minimum price for manufactured milk is topsy-turvy. Something might be done, too, to promote the distribution of cheap skim milk. Dr. Harriette Chick, using some observations of Sir John Orr, makes much of its value in present-day urban diets.

> Skim milk, although deprived of its fat, is still a source of valuable protein, of minerals, and of some vitamins. Most modern diets, in which cereals and sugar figure largely, tend to be deficient in minerals. Calcium salts and phosphates are present in skim milk to an amount only equalled by green-leaf vegetables. . . . Milk which has been deprived of its fat retains about half its original caloric value; skim milk, therefore, at 1d. a quart, would approach bread as a source of calories in cheapness and, although low in vitamins A and D, would also provide many dietary essentials lacking in cereals.*

Apart from milk, one general item of policy would be of service to all branches of home agriculture and horticulture —the reform of wholesale markets. It is not only a question of unnecessary costs, delays and waste. Often the home product can normally command a premium over the corresponding imported article by reason of its superior quality, which is entirely lost if market methods are bad. An abattoir without proper cooling and conditioning chambers, and without proper facilities for dealing with offal and by-products, is a tumour upon the body of British agriculture.

We must not forget, in all this, that an import duty on some primary foodstuff, however necessary for the due defence of British agriculture, is almost certain to be a charge on the consuming capacity of the poorest sections of the community. But if the proceeds are used to promote the consumption of just this group, not only is the paper objection obliterated, but a political handicap becomes at once a political asset. It is essential, however, if these advantages are to be gained, that the money should be spent directly on enlarging consumption, and that, within the

* *Op. cit.*, p. 22.

limits of the protective policy thought fit, both home and Empire or foreign producers should have an opportunity of sharing in the increased demand. The subsidy to consumption must not be used as a half-disguised addition to the protection already afforded through the tariff.

Here is the basis of a possible imperial policy for trade in agricultural products. The Government's difficulties in their dealings with the Dominions on this subject have arisen mainly from their attempt to adjust production to existing levels of consumption, while enabling the British farmer at least to maintain his existing level of production and often to expand it. The Dominions, on the other hand, have been vigorously opposed to restrictive policies, both in principle and in practice. Their whole economies have been built up upon the assumption of indefinite expansion of their agricultural output—an unwise assumption, maybe, but one which they were naturally unwilling to see deliberately smashed by British policy. If the latter, instead, is based on the primary need to expand consumption, then the chief obstacle to permanent understanding with the Dominions is removed. They do not—and in view of their own protective policies they cannot—object to the protection of British farmers by tariffs, provided that they receive a preference against the foreign product, and provided that the proceeds of the tariff are not used simply to promote uneconomic production in this country. A protective tariff with an empire preference, combined with a campaign to stimulate consumption of foodstuffs which are necessary for health and which can be favourably produced in this country, provides the nucleus of a policy to be hammered out in detail by consultation with the Dominions. The guiding purpose of an imperial agricultural policy must be to make the best use of the agricultural resources of the Empire so as to satisfy the needs of its people. The welfare of the people comes first, and a vast and wealthy empire contains the means of supporting a much higher standard of welfare than we now enjoy.

JAPAN IN CHINA: THE NEW FAR EASTERN PROBLEM

THE year 1935 opens a new phase in the chequered history of China's relations with the West. Having pursued a consistent policy through four active years, Japan was able last June to declare herself virtually in control of north China; she was able to show the world that she had altered the political map of the Far East and that her openly stated determination to control the relations between China and the Western Powers was based upon a sense of reality.

Since 1922 the United States and the European Powers with trading interests and treaty rights in China have built their policy upon a dual foundation—the so-called "integrity" of China as an independent State, and a system of collective security in the Pacific resting upon a balance of power artificially contrived through agreed naval ratios. During the years 1922–1931, despite confusion and civil war in China, the main outline of the picture drawn at Washington remained in being. But in September, 1931, a train of events was set in motion that destroyed this picture. China's "integrity" has gone, and with China's "integrity" has gone the Washington corollary—the Pacific balance of power.

A new theory and a new policy will have to be discovered to meet the changed conditions of 1935.

I. Japanese Policy and the Chinese Reaction

THE new Far Eastern situation can best be expressed as the new position of Japan. The Washington formula no longer holds; it is no longer possible for the West to contemplate a relationship with China except in

terms of a relationship with Japan. It is not only through the creation of Manchukuo that China's "integrity" has become a meaningless phrase; the change goes far beyond the geographical limit set by the Great Wall.

But in explaining the change that has taken place two results of the creation of Manchukuo are important. The first is the weakening of the Russian factor in the Far Eastern balance of power. By selling her rights in the Chinese Eastern Railway Russia has bowed herself out of Manchuria. A potential *casus belli* of thirty years' standing has been removed, and the last symbol of Russia's eastern expansion has been absorbed by the country whose dynamic progress was set in motion in order to meet it. There are still a number of problems to be settled between Russia and Japan, and the frontier will be a difficult one. But the bargain over the Chinese Eastern Railway has greatly diminished the likelihood of war, and Japan's position is doubly strengthened; by pushing forward her strategic frontier against Russia she has freed herself to act in China, and by easing Russo-Japanese tension she has removed a buttress from China's moral defences, from the Chinese will to resist Japanese policy.

The second result has been the establishment of a land frontier against China. Japanese westward penetration in Chahar will leave China enveloped by her military neighbour in the north. The army will now play on land the part traditionally played by the navy at sea—a screen against external interference with Japanese policy in China. The extension of the frontier into Inner Mongolia cuts China away from Russia. It is a phase in the envelopment of China and an element of essential importance in Japan's position *vis-à-vis* other Powers with interests in the Pacific.

There is a certain aspect of contradiction in Japan's attitude towards China. Fundamentally, this attitude is not that of an alien Power towards a subject race. The Japanese understand the Chinese as the West never can; the two races have a common written language and a

certain feeling of community of interest against the West. Japan herself has been through the whole gamut of foreign concessions and extra-territorial rights. Few who really know the Far East will deny that, however harshly the Japanese may treat the Chinese to-day, it remains within their power to achieve a working relationship with them to-morrow. This depends more, probably, upon Japanese power of restraint than upon Chinese power of acquiescence. A working relationship exists to-day, and has existed all through the last few years, in certain provinces—notably in the rich province of Shantung, where the virtually independent governor, Han-fu-chu, begins his administrative day in conference with the Japanese consul at Tsinan-fu.

In one sense Japan's China policy can be seen as an attempt to gain acceptance of her leadership. First of all she tries persuasion; then Chinese contempt and evasion become unbearable, and we see Japan trying to bully China into acceptance of a Japanese hegemony. The really significant fact is the success of the bullying. The recent example of this in north China culminated in Nanking's abject decree of June 10 admonishing the Chinese people that "it is especially important to be friendly to our neighbours." Shortly afterwards a Chinese editor in Shanghai was sent to prison for writing an article derogatory to Japan. By forceful tactics of pressure and compulsion Japan has broken the Chinese boycott—even in south China, where it was always strongest. There has been an extraordinary moral collapse. In other countries Japan's policy would have driven opposition below ground, where it would become stronger. There is no evidence that this is happening in China, where resignation and non-resistance are to-day the dominant mood.

This is one aspect of Japan's attitude towards China. The other aspect is in a sense contradictory to the first. The logic of past events compelled Japan to take her place beside Great Britain in the trading and investment structure associated with foreign concessions and extra-terri-

torial rights. She also took her place with the Western Powers as a partner in the foreign controlled revenue-collecting organisation—the Chinese Maritime Customs. The Japanese have a dual position in China—as business men and investors requiring the same kind of security for their trade and investments as do their Western colleagues; at the same time as Asiatic leaders, with a "mission" in the Pacific and a relationship with the Chinese different in kind from any relationship that the West can achieve.

Japan's economic policy as applied to China helps to explain her general purpose. The present tension in Japan is intensified by real economic pressure. Her growing dependence upon the export of manufactured goods emphasises her poverty in raw materials. The War Office interpretation of Japan's expansionism is reflected in the desire to control sources of raw material—a twofold "necessity": at the mercy of foreign countries for the raw materials of her industries, Japan risks economic disaster; cut off from essential sources of supply in time of war, she faces national extinction. The picture is incomplete without reference to the feeling of isolation that has been intensified in Japan as a result of the world's condemnation of her Manchurian policy. This feeling adds urgency to the strategic purpose of her general policy.

Japan's growing need for raw materials is reflected in the figures of her trade with China during the past fifteen years. China, as a market for Japanese goods, tends to become relatively less important in proportion to Japan's total exports. But Japan's imports from China are increasing more rapidly than her exports to China, and these imports form an increasing proportion of her total imports. Thus Japan's economic policy towards China can be summarised under three heads. First, China is an export market for consumers' goods of diminishing relative importance for the next decade or two; second, China is a source of raw materials of increasing relative importance;

third, China is a potential competitor with Japanese industry, if her industrial development is allowed to go uncontrolled. The second point is reflected in those sections of the famous Twenty-one Demands which deal with the development of China's resources. It is reflected more clearly still in proposals that Japan to-day is pressing upon Nanking—proposals covering a scheme for joint Sino-Japanese control of cotton plantations over a vast area in Shantung and Hopei. The third point—Japan's attitude towards industrial growth in China—is exemplified in the Chinese tariff adjustment of 1934, which came as a direct result of Japanese pressure upon Chiang Kai-shek. The duties on imported cotton yarns were reduced, thus striking a blow at a Chinese industry which in 1930, for the first time in history, showed China as a net exporter of a manufactured article. Cotton manufactures have always been an overwhelmingly important proportion of Japanese exports to China; but during the past ten years, although the export of cotton tissues to China has increased, the figures for yarns have shown a striking decrease. The tendency will probably be checked by last year's tariff revision. The same aspect of Japan's economic policy is also reflected in the problems now being faced in Manchukuo, necessitating the control of industrial development in that country so as to avoid competition with industry in Japan.

In April, 1934, Japan astonished the world by making an open declaration of her claim to a right of veto over Western financial assistance to China. The immediate occasion of this declaration of policy was the activities of representatives of the League of Nations (and therefore in Japan's eyes the Western Powers) in the work of planning so-called "reconstruction" enterprises in central and western China, presumably to be financed in due course by means of foreign capital investment under League of Nations auspices. Theoretically, these activities were non-political. Actually, they became essentially political—political internally, owing to their dependence upon the

American- and Western-educated group of Chinese politicians in opposition to Chiang Kai-shek; political externally, on account of their association with those elements in China most bitterly opposed to reconciliation with Japan. Japan's reaction can best be described as a feeling of exasperation at seeing the West involved in a political issue within China and in activities that were associated (unquestionably in the minds of their sponsors in China) with a desire to build up in central China a structure that might form a basis for resisting Japanese policy.

This question has become prominent once again as a result of the present financial crisis in Shanghai and the consequent discussion of a possible British initiative in extending foreign credits to China. In this connection Sir Frederick Leith-Ross has left England upon a visit of investigation to the Far East on behalf of the British Government. Japan's attitude towards any British initiative in offering financial assistance to China was recently expressed by the *Asahi* newspaper in Tokyo—a very distinguished organ which by no means represents extremist views in Japan. Referring to the question of an international loan to China or an international constructive enterprise in the Yangtze valley, the *Asahi* stated: "Japan holds the view that Japan should not co-operate in China on an equal footing with Great Britain and the United States. Japan should consider co-operation only when she is recognised as being in a position of leadership."

How can Japan enforce her purpose? How can she dictate the terms of China's relations with the West? How can she prevent unilateral action in China by Great Britain or the United States, or action under the ægis of the League of Nations?

Japan's traditional China policy is to have governmental authorities strong enough to grant practical concessions, but not strong enough to refuse them. Her present policy is to weaken what may loosely be described as the American-educated element, and to bully nationalist opposition into

submission by using for this purpose autocratic organs of Chinese government that are prepared to co-operate with Japan. This has been Japan's historical rôle in China through the past thirty years; she oscillates between a choice of agents, the tendency being to support provincial autonomy rather than centralised control. The events in north China during the early summer of this year were entirely consistent with this policy. They were concerned with two separate questions. First, there was the question of Chahar, which only in comparatively recent years has been claimed as a province of China, and which is part of the frontier problem and the general problem of Mongolia (problems beyond the scope of this article). Secondly, there was the question of the governorship of Hopei province and the relation of this province to the authority in central China. This question involved the replacement of one set of governmental agencies by another more disposed to work with Japan; it is an example of what may be described as Japanese indirect control in China through suitably inclined Chinese War Lords. The events in north China reflected Japan's bias towards provincial autonomy. It is extremely unlikely that they mark a prelude to an extension of the realm of Pu Yi (or, as he is now described, the Emperor Kang Teh) south of the Great Wall. Japanese policy aims at securing indirect control in north and central China; extension of direct control into " China proper " is not in the picture at present.

Through her hold over the north and the part that she can play in the internal political structure and in the inter-provincial balance of power, Japan can bring almost irresistible pressure to bear upon Chiang Kai-shek. In the south, Japan's power is less felt; but she is well entrenched in Fukien (the mainland opposite Formosa), and there are Japanese agents in the southern provinces of Kwangtung (Canton) and Kwangsi, ready to play a part, if it were so decided, in checking any extension of Chiang Kai-shek's power over these provinces.

Europeans find it difficult to visualise the establishment over a great part of China of a system of Chinese governmental authority working in co-operation with Japan. Having met, perhaps, only English-speaking Chinese of the American-educated type, they do not realise that in China there is a large and influential body of men—most of them ex-officials—who may be described as "pro-Japanese," who were educated in Japan, who speak Japanese, and who are prepared to fall in more or less with the Japanese scheme of things. Most of the important changes in central and provincial government posts during the past couple of years have been a substitution of Japanese-educated for American- or Western-educated Chinese. Both Chiang Kai-shek and Wang Ching-wei were educated in Japan; and a long list of other names could be added. It is significant that the stream of Chinese students seeking education in Japan is in full flood once more, assisted and encouraged by the Japanese Government.

II. The Wider Pacific Scene

THIS situation may react upon British interests in China in a variety of ways. The next few years will not improbably witness a series of *ad hoc* concessions, yielded unwillingly but perforce by Chiang Kai-shek under the pressure exerted by Japan through the part that she can play in internal Chinese politics. The 1934 tariff revision is an example of the kind of concession that Japan can exact. As the next step we may see a Japanese taking the place of the British Inspector-General of the Chinese Maritime Customs. Concessions may also be of a negative kind, directed against any extension of British and other foreign investments, and weakening investments already established. In this way Japan may be able to exercise the right of veto which she now claims with regard to Western financial assistance for China.

Japan in China: New Far Eastern Problem

It is impossible to divorce the China situation from the whole problem of international relations in the Pacific area. Before 1932 we thought of the Far East in terms of Geneva and Washington. To-day the League of Nations is no longer a political factor in the Far East. We can no longer talk in terms of the "open door" or the "integrity" of China. The world has changed. Not only in Manchuria, but over vast areas of China proper, Japan has achieved a position that reduces the China clauses of the Washington Treaty to an empty formula.

If these clauses remain of value, they are of value only as an instrument of national policy to be invoked against Japan—no longer as part of an agreed system of security in the Pacific. In brief, we have to face a new problem in power politics. The occidental terminology of Geneva and Washington has already proved incapable of stabilising an essentially oriental situation. An example is provided by the history of Japan's position in the province of Shantung: she withdrew in accordance with the undertaking made at Washington; by means of a system of indirect control she has been re-establishing herself ever since.

In the broadest aspect of this problem, it is conceivable that we see to-day trends in progress which, if allowed to develop unchecked, may lead the British Empire into direct collision with Japan in, say, thirty years' time. Great raw material resources of the British Empire lie right across the path of Japan—Malaya, Borneo, Australia; one may even add Java, for although not a British colony its strategic security obviously depends on British sea power, and British interests share extensively in the exploitation of its resources, including oil. Added to the prospect of Japan's increasing hunger for raw materials is the prospect of increasing competition in the export of manufactured goods and a growing tension of opposing interests in China. In considering the power problem we are concerned with naval ratios and the Singapore base; with the practicability of a naval accord with the United States in the western

Policy centred upon an undertaking to protect the independence of the Philippines.

The difficulties and dangers are great. America's present mood appears to favour withdrawal from the western Pacific: she will be out of the Philippines in ten years' time: as against co-ordination of her naval power with our own, her tendency is to maintain strength in isolation in the eastern Pacific with a large fleet to comfort the traditional sentiments of her Pacific seaboard. Such are the difficulties: the dangers are implicit in possible failure to overcome the difficulties. They are the dangers always associated with the parade, lacking the substance, of power. In the Far East there is the special danger of accelerating, by increasing Japan's feeling of isolation, those trends in her policy which it is to our essential interest to mitigate and control.

It is not the purpose of this article to enquire whether a bold and costly policy of power competition with Japan might not be the best course for us to take, in the interests of the Empire as a whole, over the broad Pacific scene. Such a general policy, however, or any other, would have to be based partly at least upon a consideration of the present position in China, its effect upon British interests there, the character and extent of those interests, and the possible policies towards the Chinese problem that are available for their defence and furtherance. That is the more limited scope of this article. Nevertheless, one aspect of the wider problem must be stressed. Whatever naval and political policy it may prove necessary to adopt towards Japan for the moment, no lasting mitigation of the China problem can be found unless the ultimate achievement of our general policy in the Pacific is to establish an understanding with Japan over the economic difficulties that increasingly disturb our relations with her. Such an understanding can only be complete if it assures to Japan security of access to the raw materials that she needs, if it controls the impact of our mutual trading interests in the world's

export markets, and if it contrives a carefully defined adjustment of our respective investment and trading policies in China.

III. The British Stake in China

An examination of the immediate British stake in China leads round to the same conclusion, not without offering real elements of hope that such a consummation may be achieved. Exports of British goods to China to-day average about £15,000,000 a year. But the stake is an investment interest rather than a trading interest. Here the generally accepted figure places British investments at about £200,000,000, an impressive structure, the result of a century of enterprise—mining interests, railways financed by British money and built by British engineers, tobacco manufacture and distribution, oil distribution, huge property interests, and the great British shipping companies which still, despite every difficulty, retain a larger percentage than that of any other nation in shipping China's trade.

To-day China's economic condition has sunk, as a result of tendencies apparent over a long period, to a level that makes her unlikely to develop as a market for consumers' goods during the period immediately before us. In future it is doubtful whether we can expect much improvement in the China market without the steady and continuous importation of capital from abroad. In the near view, we have to regard China not as a purchaser of consumers' goods so much as a field for investment and a market for capital goods. Owing to the peculiar conditions governing foreign investment in China and to the attitude of the Chinese towards all foreign activities, any major scheme for investing capital in China involves political as well as financial problems: any foreign loan to China under present conditions would necessitate an extension of control by

foreigners over the sources of revenue against which such a loan is secured. Here we are once more faced with the problem of Japan's position in China and with the fact that, even if we were able to extend our investment in the teeth of Japanese opposition, we should thereby involve ourselves in a political commitment resting, in the last resort, upon our power status in the Far East.

The problem can best be restated as follows. Japanese policy and Japan's new position in China have to-day become a source of danger to the British trading and investment stake there. Possibly the preservation of this stake, and almost certainly the growth of British trade with China, will depend upon the importation of foreign capital into China. Japan opposes British—indeed any Western—initiative in this matter because she is genuinely afraid that the West may assist developments in China inimical to what she regards as her own essential interests. Japan, on the other hand, is herself an importer of capital; although in the past we have seen her in the paradoxical position of exporting capital to China, she is most unlikely to be able to continue this process. She may prefer to retard China's economic growth (assisted by the West) rather than allow her to develop along lines that might conflict with her own vital interests.

When the problem is stated in this way (which gives a new significance to the title of Mr. Lionel Curtis's book, *The Capital Question of China*), we see the one essentially hopeful factor in the whole situation. Japan herself, sooner or later, will need foreign capital. She will find it increasingly difficult to finance her expanding foreign trade, she will need capital for Manchuria and she will need it for developing China's resources as her dependence upon these resources grows.

Further, as her exports gradually reach saturation point in world markets, she will have to turn back to China as an outlet for her industries, and that in turn requires a development of the Chinese economy which only fresh

capital investment can bring about. Hence, on the long view, our own economic interest in China should coincide, rather than conflict, with that of Japan.

In this new China of 1935 our objective must clearly be the attainment of conditions under which—with Chinese co-operation and under adequate protection—Western capital may be utilised for the development of China's resources with the assistance and willing consent of Japan. Attention has been drawn already to the dual rôle of Japan in China, as Asiatic leader and as business associate. It is our obvious interest to strengthen the second rôle—to integrate, so far as we safely can, our trading interests with hers and to convince her that it is her best policy in the long view to accept the West as a partner in the great trading structure in Shanghai and in the process of assisting the Chinese to develop their country.

What of China herself? In this scheme of things are not the guests at the feast reckoning without their host? Here we approach the whole complex question, whether or not the Chinese to-day possess within themselves the capacity for their own regeneration: whether they are capable of developing themselves into a progressive and stable State organised on Western lines. Whatever may be the correct answer to this abstract question, the fact remains that we are faced to-day with a practical situation in which that question does not immediately arise. The bulk of evidence to-day shows that, despite Chinese nationalism and despite the forces of hatred and fear, Japan's position is accepted in China and is unlikely to be violently opposed. Nevertheless, those elements in China which to-day seem to represent the greatest stability and constructive force are prepared to reserve a position for the West—acting, it may be, to a certain degree upon working terms with Japan. Such a position, if maintained, might obviate for China a feeling of utter dependence upon the guidance of her nearest neighbour.

NEUTRALITY AND SANCTIONS

THE Abyssinian affair has brought both the League of Nations system and our own foreign policy to a point of crisis. For it has forced us to consider, in the fierce light of the fact that our decision may be one for peace or war, what collective security really means, to us and to other members of the League of Nations. Collective security has been a principle to which all British Governments since the war, and all sections of British opinion except frank isolationists, have paid at least verbal respect. In the recent " Peace Ballot " organised by the League of Nations Union, among eleven and a half million voters a majority of 96 per cent. answered " Yes " to the question, should Great Britain remain a member of the League of Nations? Eighty-seven per cent. held that if a nation insisted on attacking another the other nations should combine to compel it to stop by economic and non-military measures, and 59 per cent. were ready to support military measures if necessary.* Here was a clear enough expression of British public opinion in favour of collective security. But the very difference between the last two percentages is a hint that the implications of collective security have not been clearly thought out.

When the League of Nations was first founded, the prevalent British view seems to have been that the universal promise to use sanctions against the aggressor would itself be sufficient to prevent war. In that case, support for collective security is equivalent to little more than the

* These percentages reckon the abstentions and doubtful answers among the negatives. Of those who expressed themselves definitely one way or the other, 74 per cent. said " Yes " to military sanctions.

general obligation of every citizen to come to the aid of the law in a crisis if need be—an obligation which sits lightly upon his shoulders because he knows that he is extremely unlikely ever to be put to any severe sacrifice in carrying it out.

To-day, however, we plainly do not live in a world without war, certainly not in a world without the use of the threat of war to gain national ends. What does collective security mean in these circumstances? To what obligations have we committed ourselves; how far are these obligations consistent with what public opinion would be ready to carry out when the time came for action; and what should our national policy be, having regard both to our existing undertakings and to the state of public opinion? Until we decide what our general policy is, our particular policies to meet changing circumstances are bound to be weak and vacillating.

I. The New Neutrality

OBVIOUSLY we are "against war." That is to say, we are not going to become involved in war unnecessarily; we regard resort to war by others as wicked; we repudiate war as an instrument of national policy. There are two broad ways of approaching the problem of war as an international evil. The first is the way of collective sanctions, the second is the way of national neutrality.

The extreme of the neutrality approach is isolationism. The extreme of the collective sanctions approach is the view that immediately an act of war is committed or even threatened, all third parties should combine with the aggrieved State to use all their available force—military as well as economic and moral—on its behalf. The first extreme is ruled out by geography and by economic connection, as well as by existing obligations, themselves based

on equally hard facts. The second extreme is ruled out by the natural unwillingness of public opinion to be committed to war anywhere in the world whenever a misguided statesman or military commander in an aggressive State should choose to pull the starting lever.

Between these extremes lies every kind of variation on the theme of collective security. The conception of "collective neutrality" is popular nowadays among large sections of opinion in Great Britain and in the Dominions, as well as in other countries. According to this view, it is the duty of members of the collective system, in the event of a war, (*a*) to express and exert their moral disapproval of the conflict, (*b*) not to take any part in it themselves, (*c*) to offer mediation or conciliation, (*d*) to localise and limit the war by stopping the export of munitions to both the belligerents.

Now it is doubtful whether, in international law, the concept of impartial neutrality (modified, as compared with pre-war ideas, by the ban on the supply of munitions) which is implicit in this policy still remains valid for signatories of the Covenant and the Kellogg Pact. What is certain is that such a world policy is incompatible with a genuine collective system, and by the same token is repugnant to the international moral sense that has certainly developed in the past score of years. A potential aggressor is not going to fight on anything like equal terms, but expects to win. If his plans are laid aright, he will win, and he may even be helped by a ban on the export of arms both to himself and to his victim. The doctrine of collective neutrality, therefore, means "a fair field for might, whether right or not." The only possible train of consequence from this starting point is military alliances, balances of power and eventually world war. Although public opinion cannot, perhaps, see so far ahead, it is to-day quite unwilling, in Great Britain at least, to acquiesce in such impartiality. Neither morally nor materially can we disinterest ourselves in war, wherever it occurs.

This fact is recognised in the principle of "qualified neutrality," expressed in the so-called Budapest articles of interpretation of the Kellogg Pact, which were accepted by the International Law Association at its 1934 conference. Article 3 of that document lays down that a signatory State which aids a violating State thereby itself violates the Pact. This in itself rules out strict "impartial neutrality," which requires neutrals not to discriminate between belligerents, for example, in port facilities or trade. Article 4 declares that—

> In the event of a violation of the Pact by a resort to armed force or to war by one signatory State against another, the other State may, without thereby committing a breach of the Pact or of any rule of International Law, do all or any of the following things :—
>
> (*a*) Refuse to admit the exercise by the State violating the Pact of belligerent rights, such as visit and search, blockade, etc. ;
>
> (*b*) Decline to observe towards the State violating the Pact the duties prescribed by International Law, apart from the Pact, for a neutral in relation to a belligerent ;
>
> (*c*) Supply the State attacked with financial or material assistance, including munitions of war ;
>
> (*d*) Assist with armed forces the State attacked.

This, it must be noted, is all permissive. The Kellogg Pact, by itself, does not compel any of its signatories to take active steps in its defence. As Sir John Fischer Williams put it in an address to the Royal Institute of International Affairs :—

> The third State has to make up its mind as to whether or not one of the belligerents has violated the Pact ; when it has made up its mind, all that the Budapest Articles affirm is that it is then open to it to consider itself free from the obligations of neutrality.*

Indeed, these articles are not put forward here as legally binding, but as expressing the kind of qualified neutrality that seems to be implicit in support for the collective system. For reasons connected with the particular incident—*e.g.*, the unwillingness of other countries to act

* *International Affairs*, May–June, 1935, p. 356.

with us, or the difficulty of deciding which belligerent must be treated as the aggressor—we might decline to do some or any of the things which the international lawyers tell us we could do under the Kellogg Pact while retaining the status of non-belligerency. Nevertheless, the general duty of "partial neutrality" must be recognised as the minimum that is implied in acceptance of "collective security" as a world principle.

II. Sanctions Mean War

THE purpose of such a device is to prevent war, by making war unprofitable, but at the same time to avoid committing third parties actually to go to war. It must nevertheless be clearly understood that such qualified neutrality might involve us in war. It would, in fact, be wholly emasculated as a deterrent unless we were prepared in the last resort to go to war; for otherwise the aggressor could compel us to desist from discriminating against him simply by threatening war against us. It might suit his book to treat such discrimination as itself an act of war. To say that every exercise of discrimination, from unilateral stoppage of arms supplies to a complete economic embargo, must inevitably drag us into war would, of course, be absurd. In the majority of actual conflicts, perhaps, we might be able to maintain partial neutrality, reinforced by economic sanctions of varying severity, for an indefinite period of time. But among the fateful minority of conflicts, in which we might have to prove our willingness to back our action by the final sanction of armed force, would be numbered all those occasions on which a strong nation had deliberately decided upon a course of power politics—that is to say, gaining its national ends by war or the threat of war. And these are the critical cases for the collective system.

It is well to insist upon this, because coercive neutrality and economic sanctions are often put forward by pacifists

as an alternative to the use of military sanctions. They are so only if the aggressor is prepared to submit to them; if he is not, his readiness to go to war will always overtrump the neutrals' unwillingness to go to war. Moreover, if only some of the chief "coercive neutrals" were unwilling to go to war, the aggressor could divide and rule.

Still less can we base our policy upon the assumption that the mere threat of economic sanctions will be enough to prevent war. The determined aggressor then has two bets, one of which he can feel pretty certain will prove right—that when he actually goes to war we will not impose the threatened sanctions, or that, if imposed, they will not be rendered effective by our readiness to go to war if we are pressed. Bluffs are unreliable gambits in democratic politics; in the presence of megalomaniac dictators they are positively dangerous to ourselves as well as others.

This being so, is there not much to be said for the argument that instead of slowly becoming involved in an ever-spreading war, in which the aggressor alliance would always have the great strategic advantage of deciding the time and occasion of conflict, we should be prepared immediately to exert to the full all our coercive powers against the aggressor —diplomatic, financial, economic, military? In fact, should we not recognise our international duty by being ready to go straightaway to war with the breaker of the peace?

This would be the perfect, in fact, the only plausible, solution in a world in which all the great Powers were solidly united in their readiness to uphold the collective system, not merely negatively by renouncing war and threats of war for themselves and by denouncing them in others, but also positively by allowing necessary changes to take place in the international order by peaceful means. Article 16 and Article 19 of the Covenant hang together; for only if Article 19 is effective in securing peaceful revision where revision is due will third parties be ready to make Article 16 effective in preventing revision by force of arms. These conditions are obviously not fulfilled in the

world of to-day. There are certain issues—the future of Manchukuo, of Austria, of Memel, of Abyssinia—on which different countries or groups of countries are apparently prepared to back their views by force of arms if need be, collective system or no collective system. In such circumstances, to commit ourselves here and now to go to war immediately a certain set of conditions—say, violation of a frontier—was fulfilled would be sheer folly.

The present shortcomings of international solidarity, coupled with the existence of geographical danger-spots, make it possible that automatic and universal sanctions, so far from preventing war, would turn every local spark into a world conflagration. For example, if Great Britain were to intervene between, say, Poland and Lithuania, without considering the ultimate consequences but merely on the ground that one had attacked the other, all too probably within a very short space of time France and Germany would be at war, with this country allied with one or other of them.

Moreover, public opinion is quite unprepared to commit itself in more than name to such universal, instant and complete sanctions. This is true of Great Britain, and still more true of the Dominions. The hatred of war is deep, and there is a wide distrust of any system that offers war as any but the last desperate remedy for the disease of war. Hence a system that relied only on the promise of such sanctions must inevitably break down, because it would be based on a sham—a paper promise, not given from the heart. The sanctions would not work as a deterrent because no potential aggressor would believe in them. That, in very broad terms, is the pass to which the League of Nations has been brought to-day.

The League Covenant does not, on the face of it, oblige its signatories to go to war with every country that breaks the peace. There is, to begin with, the "gap in the Covenant," which legitimises war after certain delays and forms of investigation have been gone through. The

actual Covenant-breaker is deemed to have "committed an act of war" against every member of the League, but even that does not pledge those members to go to war, in the sense of using armed force. However, under Article 16 the members of the League undertake, towards any country that has resorted to war in disregard of its covenants,

> immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a member of the League or not.

This, as we have seen above, is meaningless unless there is behind it a readiness to go to war if need be. How, then, in cases that have arisen, have these obligations been squared with the obvious unreadiness of most members to go to war? They have been squared, in the last resort, by means of the doctrine that "it is the duty of each member of the League to decide for itself whether a breach of the Covenant has been committed." When this was laid down in a unanimous resolution of the Second Assembly, it was doubtless intended to be interpreted in good faith; but one cannot escape the conclusion that in the past member States have eased their consciences by carefully avoiding bringing the issue to the point. They have, indeed, escaped from an impossible position by finding excuses for evading their paper obligations.

III. Regional Pacts

THE result of this whittling away of universal obligations has been an intensified demand for specific guarantees. It is unfortunate that limited security pacts should be needed to reinforce the Covenant, but in the existing state of world politics and of national opinion in

the different countries they are inevitable and, if properly safeguarded, wise.

The danger to be avoided is the degeneration of such limited guarantees into mere alliances and balances of power. To put them legally "within the framework of the League," as the phrase is, is not in itself a sufficient preventive against this danger, because the League obligations themselves are largely either misunderstood or ignored. The standards of "qualified neutrality" are far more effective a test, because they accord much more closely with what governments and public opinion are prepared to undertake in practice. It is important, therefore, that the rights and obligations of qualified neutrality in the event of war should be understood and recognised, so that they may be treated as superior to all limited pacts. While they are by no means inconsistent with the League Covenant, they have been shown to be implicit in the much wider Kellogg Pact.

Regional pacts, then, which are required to give a sense of security, should conform to the concept of rights and obligations of qualified neutrality. No pact would be compatible with that concept which promised help in any circumstances, whether the country to be helped was the aggressor or not. No pact would be compatible which forbade a signatory to exercise its rights of qualified neutrality—that is to say, which pledged it to be neutral in all wars between other signatories and third parties. No pact would be compatible which might require a signatory to aid some other country which had entered into war through refusing to recognise a state of qualified neutrality maintained by others. Under these safeguards—the significance of which may be clearly seen if we apply them hypothetically, for instance, to the Franco-Soviet treaty of mutual assistance—regional pacts conforming to the vital interests of the signatories would be a support to the collective system. For it is only if undertakings to go to war conform to vital interests that they are believed in by

potential aggressors, and it is only if they are believed in by potential aggressors that they act as an effective deterrent against war.

From the British standpoint, the co-operation of the United States, to the extent of undertaking not to treat as an offensive act any violation of strict neutrality committed in support of the system, is essential if we are to accept a general system of qualified neutrality, because naval power, in which we share supremacy with the United States, would be the principal instrument for carrying it out. Declarations by Mr. Stimson, Mr. Cordell Hull and Mr. Norman Davis fortunately allow the hope that such negative co-operation might be forthcoming.

On a wider scale, it might be possible to secure among the signatories of the Kellogg Pact an interpretative convention, of a permissive kind, on the lines of the Budapest articles. That is to say, they might agree, first, that to aid a State committing a breach of the Pact must be considered as itself a breach of the Pact, rendering the country concerned liable to be treated as an aggressor; second, that any signatory has the right, in the exercise of which it will not be hindered by other signatories of the convention, to deny to a violator of the Pact the duties claimed of neutrals and to refuse to supply it with financial or material assistance for the prosecution of war. The first clause would prohibit help to the aggressor, the second would authorise hindrance without enjoining it.

The convention, it might be argued, should also provide that the aggressor must be named by an appropriate international tribunal before the breach of strict neutrality could be permitted. This, however, would go far to nullify the deterrent effect of the undertaking. It is a question of time. The war might be over and the spoils won before the international authority had made up its mind. Besides, the only available general authority is the League of Nations, to which three great Powers do not belong. Nevertheless, an international authority is an

essential element in such a system, if only to persuade the parties against war beforehand, to propose armistice terms, and to investigate the dispute. As a means of focussing world public opinion it is invaluable, not only when war has broken out but also in the earlier phases when there is still a chance of deterring the potential aggressor. The countries called upon to recognise and endorse a state of qualified neutrality would be far more likely to concur if the belligerent against whom discrimination was used was flouting an international authority like the League of Nations. Thus even a vestigial League would be necessary for a collective system based on the outlawry of war.

IV. The Position of the Commonwealth

THE idea of a dual system of collective security, comprising general acceptance of the principles of qualified neutrality in the event of war, together with specific regional pacts that conform to those principles, has a peculiar importance for the nations of the British Commonwealth. For it is now commonly accepted that whatever the purely legal position may be the Dominions have the right to decide for themselves to what extent they will take an active part in a conflict in which Great Britain or some other Dominion may be involved. This right presents the most obdurate conundrums in the logic of Commonwealth relations so long as we think in terms of "impartial neutrality." But if each signatory of the Kellogg Pact, not to say the Covenant of the League, is bound to qualify its neutrality—in what measure must depend on its own decision and on the circumstances of the case—then there is nothing contradictory or impossible in a difference between Great Britain on the one hand, and some or all of the Dominions on the other, in the form and extent of their interference in an international conflict. At the same time, the fact that in place of a bare choice between war

or neutrality the choice now lies among a gradation of kinds and degrees of pressure, which interest or duty may induce each country to use for the maintenance of world peace, in no way modifies the need for united Commonwealth action.

Since defence must always be founded upon policy, the principles of imperial defence must be founded upon a recognised Commonwealth policy towards the problem of world pacification, whether through League sanctions or through qualified neutrality. The geographical situation of the Dominions has led them to lay greater stress upon neutrality and less upon military sanctions than we have felt bound to lay in Great Britain; but the preservation of neutrality, no less than the enforcement of military guarantees, demands defensive preparedness. If they are to combine neutrality with any degree of support for the collective system, they must also have some defensive understanding with Great Britain, as the naval Power that commands and guarantees their economic lines of communication. For the least exercise of sanctions, even though they are purely economic, is an attempt to coerce a sovereign State against its will, and may therefore lead to war. Thus a Commonwealth security plan is a realistic consequence of the Dominions' membership of the collective system. Support for the collective system is for them in no sense an alternative to Commonwealth understanding on foreign policy and defence.

Both we and they, in a world where power politics once more threaten to bring about complete international disorder, must be ready to take our due share in the responsibilities of maintaining world law and order. However attached we may be to peace, however anxious to restrict sanctions to measures short of war, we must recognise that support for collective security may, in the last resort, mean war. If we are afraid of, or if we are unready for, that ultimate conclusion, our lip-service to collective security

is not only hypocritical but positively injurious to the cause of peace. To be ready, in plain words, means that we in Great Britain, with our strategical weaknesses and our world responsibilities, must have a navy second to none, an army sufficient for the needs of our situation, and an air force equal to the largest national air force in Europe.

It may be that world collective security through the League of Nations is an impracticable hope. Certainly a system that accepts exclusive national sovereignties as its material cannot be the ultimate solution of the problem of world peace. But although our more distant objectives may be of a different order, somehow the world as we find it must be prevented from immolating itself upon the hideous altar of modern war. War anywhere is a matter of direct concern to the nations of the British Commonwealth, and that central fact implies a continuous effort on their part, both to help in the removal of injustices that may cause war and to use their power and influence in preventing wars of aggression from creating fresh injustices.

HAVES AND HAVE-NOTS IN THF UNITED STATES

I

THERE are to-day, as ever, two Americas. One of them is inhabited by people, and the other by political beings, relatives of Aristotle's man. The America that is inhabited by people is enjoying an exciting summer. The political beings are in the throes of the most portentous constitutional crisıs in this country since the Civil War. Of course the two groups over-lap. By taking an average, we can learn something of the future of the New Deal experiment in this country, and its probable effects on the world.

It is much more profitable to look at real America first. Almost everywhere in the country the crops are thriving. Even where the drought ravaged last year, and the dust storms produced a Sahara this spring, there is a dappled mantle of green and gold, rich and fecund. Only a few isolated districts are troubled by local catastrophes : floods, as in New York State, and stem rust which will cut down the wheat crop somewhat. In the central west, before you get to the corn and wheat belt proper, they have almost a bumper crop, and the only trouble is getting harvest hands. Of that much more later. Otherwise it is a glorious summer, pretty warm, but fruitful and sleepy and terribly welcome after the ghastly experiences of recent years.

In the cities, too, the ordinary people are getting on very well. Industrial production has kept well above the usual

seasonal figures. The automobile industry is just rounding out its biggest year since 1928, two-and-a-half times as great as in 1932. Bank clearings are a fourth higher than last year, and in New York City almost a third higher. The construction figures are also high; building contracts run 20 per cent. over last year, and home-building some 40 per cent. over. Steel is well above its seasonal average, with plate mills reaching 85 per cent. of capacity, an unheard-of event. Power production—that same power industry which has just spent millions of dollars to fight the passage of the Holding Company Bill with its "death sentence" clause—has passed its 1929 all-time peak.

Which means that people are working longer hours and there are more jobs. But the reflection in the relief figures has not been great. Only 6 6 per cent. were stricken from the number of families on the relief rolls between May and June. That means that 3,830,871 households are still receiving relief; some 16,000,000 individuals are dependent upon Uncle Sam's bounty. And this proves to Americans what Great Britain learned long since—that it is vastly easier to start a relief system than it is to end it.

The effects on American society and politics of the vast federal relief system are probably greater than in any other country, thanks to some well-known traits in the heterogeneous American character. A sense of dependence upon government has taken hold of millions of people. "I've got it coming to me," is the typical attitude, or "They owe me a living." This is true of a great floating class. The real American character, at bottom, is as solid as that of any other country. But it does not have the particular stability that obtains in an older and better disciplined community like Great Britain. Millions of immigrants came to this country during the present century with the idea that the streets were paved with gold, or something like it. They were willing to work—nobody works harder than the American on the trail of his pot of gold—but at the same time they expected the "breaks."

So the establishment of a relief system here was fraught with peculiar danger. It was, of course, an imperative bulwark against violence. The bull had to be grasped by the tail to keep us all from being gored, and now the problem is to steer him into the pen. The problem has been brought to a crisis in the farm belt. There, as for example in South Dakota, the relief rolls have been absolutely closed. On one day, 19,000 heads of families were dropped from relief. There were plenty of seasonal jobs for them, and they had to take them. This new "hard-boiled" attitude on the part of relief dispensers is welcomed with great enthusiasm by all vocal sections of the country.

If the Administration can achieve the objective it has set up for November 1—the complete abolition of all federal direct relief, and the substitution of work relief for remaining "employables" who cannot get jobs—it will have achieved its major economic victory. There is little likelihood that complete success will be won, but even if the direct-relief system is cut down by half it will be a triumph.

You could not find a community in America today where the relief system is not operative, supporting from ten to fifty or actually ninety per cent. of the inhabitants. You could not find a community where some employers are not protesting they cannot hire hands because of the relief system. In the complaint there is some truth and some exaggeration. In many instances the work offered is not at a subsistence wage. But it is doubtful whether, in the days of prosperity, wages for these types of seasonal employment were upon a subsistence level. Here is one dilemma. Is it possible for the Administration to force certain types of work up to a higher plane? Will consumers pay the immediate price?

Here are some cases.

We are in a small town in Illinois. We sit around the dead stove in the grocery store. All the men in the store are on relief, wearing newish dungarees and shoes that have come off the relief wagon. They are war veterans, and

their talk is of the bonus, which they expect soon, and of pensions, which they expect ultimately.

"Everybody else is takin' all they can git, why don't we?" is a typical comment.

A tall, worried-looking man joins the group. After a while he asks: "Say, could any of you fellers help me with cultivatin' out my corn? Need somebody for three weeks. Pay him well."

There is a long, an embarrassing silence. Somebody spits into the stove. Somebody says: "Can't do it. Got my hands full right now."

The same comment goes around the circle. The farmer pleads. "Gosh, I git the same answer everywheres. Can't hire a hand no-how. Need one awful bad, too."

Heads shake. The farmer leaves mournfully. Somebody says: "You'd think Fred had more sense than to come around here askin' us that. He knows we couldn't git back on the rolls once we'd git off."

More silence.

Out in South Dakota they are meeting this problem by direct action. They had to. With political and economic courage, the same thing will happen in many other communities.

But it is not always the same story. In New Jersey recently raspberry-picking time came. The fields are in the hands of Italian "padrones" who used to go into nearby towns and cities and recruit their labor, mostly whole families with the preference for big families where all the children could work. This year the padrones could not get labor, and complained bitterly that their crop would fall to the ground and rot. But they were unwilling or unable to offer wages which according to any decent American standard could reach subsistence levels. The workers were to be housed in shacks as primitive as anything to be found in the worst slums.

Yet it was under such conditions that raspberries have been picked for decades in New Jersey. It is thus that

onions are harvested in the rich Scioto marshes of Ohio, where the workers struck long and violently last summer. The owners are not in a happy position. They feel unable —and probably are unable—to pay higher wages and market their products at the price set by the general competitive system. A compromise is the only solution, and a compromise was worked out among the raspberry canes as it was in the onion marshes.

Relief has therefore become the most obvious and glaring problem on the American scene. It has unexpected angles. For instance, one of the major reasons for establishing NRA was to end the sweatshop conditions that prevailed in the black winter of 1932–33, and before. Yet since NRA collapsed under its own weight and that of the Supreme Court, we have seen only minor instances of revived sweatshops, and in many of them workers are striking or bargaining their way to subsistence. Why? Because the relief system is there as a bulwark. It is possible, if not quite legal, for people to leave sweatshops where they had to work at subsistence levels and get on the relief rolls. It is also possible for people out on strike to draw relief money or food. The effect of these two weapons on the economic structure is enormous, and little realized.

II

THAT is the surface picture of the American nation today on the farms and in the cities. It is a picture, however, of the working-people or the relief-people alone—of those who are mostly "Have-nots." It is emphatically not the picture of the "Haves." Very few of the "Haves" are at all satisfied with the way things are going. It is the "Haves" you will meet in American clubs and dining-cars, in hotel lobbies and banks. It is the "Haves" with whom you will have social intercourse. It is the "Haves" who guide the editorial policy of most of the newspapers.

And most of the "Haves" are in a dreadful state of

mind. The ordinary middle-class people, to say nothing of the upper crust, reflect an enormous and almost fanatical dislike of Franklin D. Roosevelt. Political scouts report that today not more than five per cent. of the business and financial community supports the President. The tide of bitterness is seeping down and down the social strata. Democrats of orthodox or conservative persuasion are even more bitter than are Republicans.

In short, people are terribly disturbed. Whether these wrought-up groups constitute more than twenty or thirty per cent. of the voting population would be hard to say. Probably they do not. Some of the same sort of dislike fell upon Theodore Roosevelt when he was pursuing his "malefactors of great wealth." A similar pathological bitterness met Woodrow Wilson when the isolationist reaction began in 1919. Herbert Hoover met a duller but more widespread hatred in his last two years in office. The general phenomenon is traditional in American politics, but today's feeling is new in its intensity, in its incidence, and its emotionalism.

The correspondence columns of the newspapers are crowded with invectives against President Roosevelt that are sometimes unbelievable in their bite. A clergyman recently told the writer of an incident in his church which is seemingly typical. He had invited a State Senator to speak on Sunday evening—as is common in American evangelical churches. The State Senator delivered an attack on President Roosevelt. At the end came questions, and finally the State Senator dropped his voice and stepped closer to his audience to say:

"Now, this is a subject that nobody likes to discuss. But physicians will tell you that the disease of infantile paralysis affects not only the limbs, but ultimately the brain. A friend of mine was recently told by a Cabinet member that Roosevelt's disease has reached that stage. I have said enough. Perhaps you can now interpret some of his actions!"

This whispered charge gained enormous currency in the nation generally. It was, of course, spread only by the irresponsible or the gullible. It was elaborated on and ornamented with wholly fictitious incidents. So strident became the tongues that a number of Opposition newspaper correspondents in Washington, who see the President and question him as freely as they like twice a week, wrote articles describing his buoyant state of physical and mental health. But the whispers did not cease, nor will they cease until President Roosevelt himself travels from coast to coast this summer, as he plans to do, and shows himself in person to millions of the people. This, too, is not new in American politics, and it is well known in the whispering galleries of all countries. It is tragic that such a medieval barbarity should persist.

III

WHY does this state of emotion persist in the United States? That brings us at last to the major problem in America today, the constitutional question. Where the Constitution is concerned, any American can run the full gamut of emotions. For the issue involved is the entire basis of government in this country—the system rotating around a rigid Statute, providing for president, legislature, and judiciary all in their water-tight compartments. It is the eighteenth-century mechanism of preserving liberties, to which the United States clings as passionately today as it did in 1787, when everybody believed with Montesquieu and Blackstone that freedom lay only in the separation of the three branches of government.

In the United States, a vast continental nation with enormously diverse regional interests, with an impetuous people at the mercy of propagandist devices growing stronger daily, there is still powerful justification for the separation of powers. But it is all a matter of degree. To the conservative, any further breaking down of state authority in

the increase of the federal power means the final arrival of collectivism and of the authoritarian state. This doctrine is firmly believed by a great number of people, and former President Hoover is their spokesman.

At the same time, another powerful group is convinced, in Mr. Roosevelt's words, that the American government should enjoy the powers vested in every other government —the right to enact and administer laws regulating economic life "to the extent that our civilization makes imperative." Some feel, with Professor Corwin of Princeton University, that the Supreme Court's decision outlawing the NRA was "a challenge to the viability of judicial review in modern conditions."

There are three major groups of opinion. One is composed of those who oppose any constitutional amendment on the ground that it would break down the "American system." Thus the Republicans at their Springfield Convention in June solemnly declared:

> We believe in the maintenance of our American political and economic system as established by our forefathers and developed over a century and a half of unparalleled progress. We believe that they (*sic*) are sufficiently flexible to meet all of the needs of a complex civilization while preserving those enduring principles derived from the accumulated experience of mankind.

This is the Hoover view, and he foresaw that it would be the issue as long ago as the 1932 campaign. Probably it did not affect a handful of votes at that time. It is the view shared by the right wing of the Republican party, by all conservatives including a large Democratic group led by the two Senators from Virginia, whence the Constitution sprang.

The second view is that of those who believe that with more careful framing of Statutes the New Deal can reach its objectives within the Constitution. "When the smoke of battle has cleared away," says Mr. Walter Lippmann, "it will be found that the Supreme Court has laid down no political rule which throws the nation back to 'horse and

buggy' days. It is far more likely that the Court will find ample powers in the Constitution when Congress and the Administration have the patience and ability to frame a Statute that shows some careful thought about what it is intended to do."

To which the third group, composed of those who would amend the Constitution, reply with Professor Raymond Moley, who often speaks for President Roosevelt: "The Court says that the time has come to end subterfuge and hypocrisy and legal flim-flam. The Court tells us to say what we mean and to do what we say."

> The Court says to Congress that if they want fair trade practices, collective bargaining, minimum wage and maximum hour standards in certain industries, an orderly agriculture, federal protection for investors, Congress and the American people ought to protect their efforts to attain these ends through an amendment to the Constitution, and not through a distortion of the words "interstate commerce" or any other words that have been used to enable legislation for one purpose to be enacted under a clause of the Constitution clearly intended to cover something else.

As a background to this three-sided debate, President Roosevelt urged Congress to pass all legislation regardless of constitutional doubts. Meanwhile, the circuit courts of appeal have been handing down decisions mostly unfavorable to New Deal legislation, and storing up a mighty agenda for the autumn and winter term of the Supreme Court.

That meeting of the Nine Old Men, which will reach its climax in January, February and March—just as the political situation is shaping toward the presidential election—will be one of the most momentous in American history. Nearly every major piece of New Deal legislation is challenged. And in the eyes of constitutional lawyers there is grave doubt of the constitutionality of most of them.

Perhaps the most critical is the Agricultural Adjustment Act—the AAA—under which American farmers have

received their benefit payments for growing smaller crops, while the processors were levying a tax and recouping the Treasury at the expense of the consumer. This Act is enormously important. It was farm revolt, as much as any other factor, that swept President Roosevelt into office. If the Supreme Court outlaws the first effective measure of relief that the stricken millions of farmers have received since prices began to slip a decade ago, then the Republican issue of "Back to the Constitution" may become pretty sour.

Similarly, the new social security system of insurance and compensation is in danger of being thrown out; the experiment in regional reconstruction in the Tennessee Valley is threatened; the Coal Bill, seeking to introduce order into the long and tragically disordered bituminous industry, is perhaps most vulnerable of all; the Trades Disputes Act, labor's chief trophy in the New Deal, is as weak; the Utility Holding Company Bill is no stronger than any of its fellows.

In short, sooner or later it is possible that the Supreme Court may disappoint (1) the farmers; (2) organized labor; (3) the old people, the pensionable; (4) the coal miners; (5) the would-be rehabilitated folk in the Tennessee Valley; (6) electrical-power or gas consumers; (7) small investors in general.

Altogether, this makes a mighty vested interest on the side of a constitutional amendment in case all their hopes are dashed by the Nine Old Men. President Roosevelt seems deliberately to be piling up a mighty mass of questionable legislation, perhaps with the intention of challenging the Court to declare it unconstitutional. The Court's two greatest decisions this year throw some light upon its possible action. In the gold clause cases, it upheld the Administration—with a scolding—and its apparent reason was not only the divided and interpretable legality, but the fact that an adverse decision would have produced intolerable confusion. In the NRA case, it ruled against the

Administration, not only because of dubious legality, but evidently because scrapping of NRA in its then moribund state did not make two pins of difference.

Mr. Dooley's classic remark was that "Th' Supreme Court follows th' illiction returns." President Andrew Jackson, when confronted by an adverse decision of the great Chief Justice, said "John Marshall has made his decision. Now let him enforce it." The fact is that in the NRA case there was nothing to enforce. Nobody was *in a position to collect from the government.* In the gold cases, if the Court had decided otherwise than it did, people could have tried to collect from the government. Had the government refused, Mr. Chief Justice Hughes would have been hard put to it to " enforce " his decision.

So the prospect for next winter is a Court as sage and sane as ever—making no decisions that it cannot " enforce." And the chances are that its decisions will be split pretty well down the middle of the body politic, some favorable to the New Deal and some unfavorable. The Court has ever followed a rule of reason. It has bowed to economic or social facts when they were unmistakeable. It is likely to do so again.

And if that happens, the Constitution will not be a very good issue for the Republicans in next year's campaign. " You can't eat the Constitution," cried the nation a year ago, when unemployment was most acute and relief not mobilized. The issue, perhaps unhappily, may be between the " Have Nots " and the " Haves." But a good many of the " Haves " are likely to be more favorable to President Roosevelt than they are today. For he is now the only target in sight, and it is easy to blame him for everything. In the campaign a year from now, there will be a Republican nominee in the field, and it will not be " Do *you* like Roosevelt ? " but " Is Blank better ? "

Alas, the Republicans have as yet no decent candidate remotely in sight. They are terribly torn by difficulty, despite the strong wave of Roosevelt criticism that runs

in their favor. But this wave, however impressive it may be in all the circles with which polite society comes into contact, must be discounted heavily.

Though they will be challenged in the clubs and pullmans, the following views of a keen-eyed American back from a 14,000-mile tour of the states have a ring of reality. He says:

Roosevelt is in the bag for 1936. He is not as strong as he was last autumn at election time but he will carry between 36 and 40 states.

Huey Long has lost two-thirds of his strength in the past six months. The magic that was Father Coughlin is greatly lessened. The threat or promise of a strong third party in '36 is a myth.

The Supreme Court decision ending the old NRA did little harm to F.D.R.

Three-quarters of the farmers affected by the crop reduction are for AAA.

The average citizen feels the Republican Party has neither a cause nor a leader. *Labor feels it has been sold down the river on a boat* called Recovery, but it only partly blames the President. Veterans' resentment against the bonus veto is already lessening and probably by election time will largely disappear.

The $4,800,000,000 public works and relief fund creates, even with the best of intentions, a great reservoir of political pressure.

The advancing machine constantly checks the most determined efforts to end unemployment. America is faced with the permanent problem of giving federal and state work and aid to from three to five million people.

For the great mass of common citizens Roosevelt no longer has wings but they still look upon him as the one man who is daring to try to help them all.

We shall see.

The United States of America.
July 31, 1935.

NATIVE POLICY IN SOUTH AFRICA

By An Afrikander Correspondent

THE long awaited report of the joint committee on native policy, which was published in May, 1935, has behind it a chequered history. Briefly, the facts are that in 1926 General Hertzog as leader of the Nationalist party and Prime Minister published four Bills. These Bills dealt with the political rights of the coloured (as distinct from the "native") population, with the representation of natives in Parliament, with the establishment of a Union Native Council and with the allocation of land for native occupation. They thus embodied a comprehensive policy dealing with the whole complex of race relations in South Africa; indeed, General Hertzog announced that his policy must be judged as a whole and that the Bills would stand or fall together. After they had been dealt with by a select committee, taking evidence, for a few years, the first two Bills were laid before Parliament early in 1929. But the Representation of Natives Bill failed to obtain the necessary two-thirds majority of both Houses required by the Act of Union for an alteration to the franchise. Both it and the Coloured Persons Rights Bill were therefore withdrawn, and all four measures were referred, in 1930, to a joint committee of the two Houses, in an attempt to arrive at an agreed policy. This committee, composed of the leading South African statesmen, met behind closed doors and took no further evidence.

It is important to remember that two years ago the political balance of forces was upset by the union of the two great parties, each sloughing off an extremist wing.

Native Policy in South Africa

When Generals Hertzog and Smuts joined forces the whole *aspect of native affairs changed, because united they were able to ensure the passage of any legislation upon which they might agree. It was for a time expected that the* united party would avoid native affairs, since so dangerous a subject might destroy the happy union which it had at one stage nearly prevented. While it is true that the union of the two parties was achieved by an agreement by the leaders to differ on native policy, there is justification for the view that, among the rank and file, the new alignment was welcomed as a means of achieving an agreed adjustment of racial questions. If, therefore, the Government is united on the legislation proposed by the joint committee it will be sure of the two-thirds majority of both Houses. But it is necessary to remember that the Government is not committed to any policy and that the original agreement to differ still holds good. The record of the proceedings shows that there were marked differences of opinion among Ministers, differences which have been emphasised publicly since.

The committee did not deal directly with the rights of coloured persons, as these are in the hands of a commission which will probably report in 1936. Their report, however, proposes two Bills. The first is the Native Land and Trust Bill, which provides for the establishment of a South African Native Trust. The Trust may acquire land for native occupation, additional to the existing reserves of some ten million morgen, to a maximum extent of seven and a quarter million morgen.* The basis of the Bill is that of the partial territorial segregation laid down in the Land Act of 1913. Under that Act two commissions attempted to demarcate land suitable for native occupation and failed owing to pressure of public opinion. Whether the present Bill will have more success remains to be seen. The amount of additional land made available is small enough, but the

* One morgen=2½ acres. The area of the Union is about 143,000,000 morgen.

difficulty in the past has always been to find land where native occupation will not infringe European rights and interests. To meet this difficulty the Bill provides for compensation for European owners in those areas where it is proposed to carve out new land for the natives.

The South African Native Trust provided for by the Bill is to be constituted as a corporate body, and the Governor-General (in practice the Minister) is to be trustee with power to appoint a board in each province to advise him on the acquisition of land for native occupation. Each board is to consist of an officer of the Native Affairs Department and two other persons, one of whom shall be a native. The Trust Fund will have an annual income consisting of a grant from Parliament and of fines, fees, rents and licences obtained from land held by the Trust. This income will be used to acquire and develop land for native use, to assist groups of natives to obtain land and to promote the agricultural and pastoral interests of the reserves. The establishment of the Trust is sound, but a very great deal will depend upon whether Parliament is prepared to be more generous than in the past.* In South Africa it is very difficult to get Parliament to vote money for purely native interests, and the general rule is that the native must pay for what he gets. In the existing reserves bad farming, overcrowding and inadequate attention to soil erosion are creating a dangerous amount of denudation, and fine pastoral country is becoming impoverished. This could be counteracted only by the expenditure of much more public money on agricultural schools and demonstrators and on an active campaign against soil erosion. But if the principle is to hold that the reserves must pay for themselves the Trust Fund will immediately be faced with great demands upon its inadequate resources. What is required is something on the scale of the Tennessee Valley Authority with large government credit behind it. Without that, the newly created reserves will rapidly slip into the

* *Cf.* Wyndham's Irish Land Purchase Act, 1903.

condition of the old. The present Government is spending millions on irrigation works in European areas, and unless something like this is contemplated in native areas also, the Native Trust will be given an impossible task.

The second of the two Bills proposed by the joint committee, the Representation of Natives Bill, will probably attract far more public attention and criticism than the first. At the present moment there are approximately six million natives in the Union. Of these about one million live in European urban areas, about two and a quarter million in European rural areas, and the remainder in native reserves. In addition to these there are more than half a million coloured people, chiefly in the Cape Province, and about 170,000 Indians, chiefly living in Natal. The remainder of the population, about two million, is of European descent. The existing franchise position is that there are just over nine hundred thousand voters in the Union, and of these about eleven thousand are natives living in the Cape Province. In the Free State and the Transvaal non-Europeans may not qualify as voters, but in the Cape Province non-European males may qualify provided they, unlike the Europeans, satisfy a property and education test. In Natal there is a paper provision that non-European males may become voters, but it is practically of no account, and there is only one native voter in Natal.

The old Nationalist party was always opposed to what is known as the Cape native franchise. In his original Bill of 1926 General Hertzog proposed to abolish it and, as a substitute, to give representation to all natives in the Union by allowing them to elect seven members of the House of Assembly with restricted voting power on, for example, a no-confidence motion. This original attack on the franchise in the Cape was bitterly resented by natives throughout the Union. Those in the northern, unrepresented provinces maintained that they would sooner wait fifty years for representation than have the Cape franchise abolished. They value highly the immunity that the vote

in the Cape brings from certain restrictive legislation; they know that, by decision of the courts, the right to acquire the franchise preserves to the Cape Bantu the right to acquire land anywhere in their own province, and that if the franchise goes, that freedom will go too; and they regard the franchise as a badge of citizenship. It is obvious that eleven thousand voters are not able to effect much positively in an electorate of close on a million, but the natives argue that to deprive them of the right to qualify in the Cape is to kill all prospect of the extension of the franchise to the north and to debar them for all time from the rights of full citizens of the Union.

Political division among the Europeans prevented the passage of General Hertzog's Bill, but that division has now largely disappeared, and the Government, if it can agree about the Bills proposed by the select committee, now has a sufficient majority to abolish the Cape native franchise. This the new Bill proposes to do without disturbing the rights of existing voters. It will provoke bitter criticism from the natives and from many Europeans, but there seems to be little prospect of preventing it in face of the fact that the overwhelming majority of South Africans desire this form of political segregation. As before, the Bill proposes to allow "coloured" males, who satisfy a property qualification, to vote. In this connection the definition of "native" given by the Bill is of great importance. A native will mean someone who is a member of an aboriginal tribe, or someone one of whose grandparents was or is a member of an aboriginal tribe.* This will greatly restrict the number of racially coloured people who may, in the future, qualify as voters by having themselves legally declared "non-natives."

Having abolished the old native franchise in the Cape, the Bill proceeds to provide for native representation throughout the Union. In the first place there will be four

* In other words, only great-grandchildren can hope to pass into the non-Bantu ranks.

European Senators, additional to the existing Senate, who will be elected by four constituencies. The method of election will be described presently, and it is sufficient to say here that it is so indirect that while the elected Senators may possibly be men who "understand the native" they will scarcely represent native opinion. Further, it is impossible to attach much political weight to four members out of a body of forty-four when that body is merely a part of the legislative machinery, and a part, at that, weaker in political power than the Assembly and with restricted control over finance. It has been said in support of this representation in the Senate that there are already four nominated Senators who, according to the South Africa Act, are appointed by reason of their acquaintance with the wants of the native population. But in the past Governments have sometimes made party allegiance rather than acquaintance with the wants of the natives the test of fitness to become a nominated Senator. In any case, eight Senators are hardly adequate to represent five-eighths of the population.

Part III of the Representation of Natives Bill proposes to establish a Natives Representative Council which is to be the channel for native opinion to reach the legislature. The Council will consist of twenty-two members and is to be constituted as follows: the Secretary for Native Affairs as chairman; five European chief native commissioners as advisory members; four nominated native members; and twelve elected native members. There are to be four electoral areas: Natal, Transvaal and Free State as one, the Cape Province excluding the Transkeian territories, and the Transkeian territories. Each area has an electoral college constituted as follows: in the Transkeian territories it is the native members of the United Transkeian Territories General Council (the Bunga); in the remaining areas the electoral colleges consist of recognised chiefs of tribes and native members of local councils, advisory boards and reserve boards of management. Each of these voting units

has as many votes as there are taxpayers and exempted taxpayers in its area and casts its vote collectively and indivisibly; where more than one candidate is nominated it can indicate second and third or more preferences.

It is necessary to analyse the probable effects of this electoral machinery on the composition of the Council. The native members of the United Transkeian Territories General Council are not directly elected by the native taxpayers. The district councils, from which the General Council draws its members, are partly nominated by government and partly elected, and the members of the General Council, in their turn, are partly elected and partly nominated by government. The result is a reasonably efficient administrative council which does excellent work. Whether it may be said to represent native opinion is another matter. As regards the remaining constituencies it is necessary to concentrate attention on the voting units. Over seventeen hundred chiefs are recognised and paid by government, and each chief will have as many votes as he has taxpayers in his tribe. As regards local councils, these were instituted under the Act of 1920, but very few have been established and the existing ones are partly elected and partly nominated. Native reserve boards of management exist in the Free State reserves and are purely nominated bodies. All these units represent rural areas and it will be noticed that the voting units are almost entirely nominated by government. Administrative experience in South Africa and elsewhere suggests that only what the natives term "good boys" will be so nominated. Can it reasonably be maintained that a council elected by these nominated natives will really represent the views of the native population? Moreover, the opportunities on the part of Native Commissioners to exercise a judicious moral suasion will be great. A subsidised native chief who controls four thousand votes, or three nominated native members of a council that controls five thousand votes, will be given a

responsibility and exposed to temptations that they may not be able to bear.

So far the voting units have all been drawn from the reserves. The Bill provides further that one of the three members for each electoral area, except the Transkei, is to represent urban natives and will accordingly be elected by the native members of advisory boards. In other words, of the twelve elected natives nine will represent rural and three urban areas. The Urban Areas Act of 1923, which instituted these advisory boards, provided that the native members should be elected or selected. In towns such as Bloemfontein where the natives themselves elect the members of the advisory boards these members may be said to reflect fairly accurately the opinions of the natives. In most cases, however, the boards are nominated by the urban local authority (municipal council) and the same criticism applies as has been levied in reference to the nominated chiefs and local councils; the native members will be subject to official influence, and anything like real representation will be vitiated. Finally, in this matter of representation, no provision is made in the Bill for the 2,250,000 natives living on European farms.

The enormous size of the constituencies will militate against anything in the nature of an election campaign. In the Transvaal-Free State area, for example, we shall have a constituency of practically twice the size of Great Britain, with widely scattered voting units which must elect four members and one Senator. The great distances, the time and the expense involved, will obviously deter candidates for election from undertaking an election campaign. And, what is more, the member who has been elected in this fashion will, for similar reasons, be unable to keep in touch with more than the fringe of his constituency. It will be surprising if at the end of the five years for which it is elected this Council is in close touch with the people it is supposed to represent.

The qualifications for membership of the Council con-

tain one clause that will tend to produce an amenable rather than a representative council. Besides the usual qualifications as to residence and freedom from criminal conviction it is a disqualification to have been subject to an order under section one (12) of the Riotous Assemblies (Amendment) Act, of 1930.* Further, a nominated or elected member may have his seat declared vacant by the Governor-General (in practice the Minister) on grounds of misconduct or "other cause." All these restrictions and safeguards can mean one thing only, and that is that the joint committee was afraid to create a body that would genuinely collect and interpret native opinion. With this fear in mind it has created a "toothless" council.

The functions of the Natives Representative Council are to be advisory. It is required to report on any legislation that specially affects the native population and on any matter referred to it by the Minister. No Bill, or draft ordinance of a Provincial Council, that affects native interests may be initiated until it has been referred to the Council, and the Council may also propose to a Minister, or to an administrator of a province, legislation that it may consider necessary in the interests of the native population. The Council is further to consider and report on the proposed estimates of revenue and expenditure connected with native affairs. All reports from the Council must be laid upon the tables of both Houses of Parliament. There is nothing to indicate what will happen if the Council disagrees with proposed legislation, and there is no guarantee that such legislation will not be passed in spite of native opposition. Nor is there any obligation upon Parliament or upon a Provincial Council to give legislative effect to recommendations from the Council. In 1920 the Government set up a Union Native Conference, consisting of nominated native members and Europeans,

* The original Riotous Assemblies Act was passed in 1927, in the teeth of much liberal criticism, to give government an additional weapon in dealing with "agitators"—a much abused word.

which was to meet from time to time to consider proposed legislation. But the Conference developed too pronounced a taste for criticising government proposals and since 1930 it has not been summoned. Under the new Bill this failure to summon the Council will be impossible; but if it is too critical European public opinion will react unfavourably towards it and the Council will find itself in the unhappy position of pleasing neither its electorate nor the Government.

The argument is frequently and even officially used that the Bunga, or United Transkeian Territories General Council, works well and that the proposed Natives Representative Council is merely an extension of the same principle. But this argument ignores two vital facts. In the first place the Bunga has a considerable financial responsibility and the Council has none. And even if this difficulty could be avoided there is a functional difference that can never be altered. The Bunga deals with matters in the Transkeian territories, the one extensive reserve area in the Union, and its decisions do not affect the European population as a whole. In the nature of things the Natives Representative Council will have to deal with matters affecting Europeans and natives over the whole Union. The Council will doubtless pass resolutions criticising such measures as the Riotous Assemblies Act (1927–30), the Native Service Contract Act (1932), and the so-called Colour Bar Act (1926); it will certainly ask for increased facilities for the education of native children, for modifications of the pass laws and for better economic opportunities. And in acting thus it will find itself at once in conflict with European public opinion. The truth is that the Natives Representative Council, considered as a final method of political segregation, can never have powers such as are exercised by local councils. If it is considered as an interim arrangement to act as an educational agency until the natives are ready to assume the rights of citizenship it could, with considerable modifications, be a very useful

body. But it would have to be more directly elected and greatly enlarged; provision would have to be made that its recommendations should not be over-ridden by a bare majority of Parliament—perhaps a two-thirds majority might be required to pass a Bill that has been rejected by the Council. *Given such changes, the Council would, in a measure, bridge the gap between the native population and the legislature, and would educate natives up to the proper use of the franchise. As it stands, the Bill in reality side-tracks native representation.*

It is customary to say that the Union has no native policy and that the question of transferring the administration of the protectorates should wait until such a policy has been enunciated. In reality this is far from the truth. The Union has a very definite native policy, and the present Bills merely propose to add the finishing touches to a policy that has been built up since 1910.* The policy of territorial segregation was first enunciated by the Botha Government in 1913, when the Land Act was passed forbidding natives to acquire land outside certain defined areas. Public opinion in South Africa has never swerved from that policy. Parliament, it is true, has failed to provide the necessary land to give effect to segregation, but this is because the European population apparently wants to eat its cake and have it too; in other words, to have cheap unskilled labour to hand, and the rest of the Bantu population out of sight on its own agricultural land. The administrative policy towards the natives in the reserves is laid down in various Acts of Parliament and especially in the Native Administration Act of 1927. This Act,

* On Union native legislation, 1910–32, see Edgar H. Brookes, *The Colour Problems of South Africa*, being the Phelps-Stokes Lectures, 1933, delivered at the University of Cape Town (Lovedale Press, 1934). The author discusses with admirable temper and complete clarity the social and economic causes and effects of the thirty-four Statutes that have been passed during that period specially or differentially affecting natives in the Union. *It is* a book that should be read by all who are interested in the present state and probable future of southern Africa.

which contains some excellent provisions, provides for the recognition of native chiefs and gives them a limited jurisdiction in native civil cases; it regularises the whole machinery of native commissioners and their courts, which are to apply native law where possible in civil cases; it makes the Governor-General supreme chief in Natal, the Orange Free State and the Transvaal, and gives him very wide powers of legislation by proclamation. In the Transkeian territories a pre-Union system prevails, derived from the old liberal Cape Colony and imperial Basutoland. There is a General Council with fairly wide administrative powers, and the district councils provide excellent training in local self-government and financial responsibility.

It is with regard to its urban native population that the Union's policy is not so clear. The Urban Areas Act of 1923 laid down a policy with regard to natives living in locations next to European towns. So far, however, very few municipalities have availed themselves of the powers given under the Act and most of them have, in practice, done very little to improve the conditions in the locations. The white labour policy, which the present Fusion Government inherited from its Pact predecessor, was extensively used during the depression (1930–32) to replace native by unskilled white labour. There is no indication that the Government is preparing to depart from this policy, but the poor white will never really displace native labour and we can safely reckon on an urban native population of three-quarters of a million. Apart from subjecting these urban natives to restrictive legislation such as the pass laws, refusal of trading rights in their own locations in the Free State, and the penal sanctions of the masters and servants laws, the Government has no settled policy. The new Bills are silent on this urgent matter. It is urgent because it is in the urban areas that the most advanced natives are found, the natives who resent most intensely their inability to become citizens in the land of their birth.

Both for what they say and for what they do not say

the two proposed Bills have greatly disappointed those who anticipated a more liberal land policy and who expected that, with the question of the protectorates to the fore,* the joint committee would have given some indication that the native was not to be condemned to a perpetual civic impotence.

Union of South Africa.
July 1935.

* Another article in this issue (see below, p. 746) deals with the problem of administration in the protectorates in anticipation of eventual transfer.

BRITISH EMPIRE BROADCASTING

I. The Background of an Empire Service

THE nineteenth of December of this year will be the third anniversary of the opening of the Empire Broadcasting Service. This fact is much more remarkable than appears at first sight, for it was only in 1922 that broadcasting started in this country, while in the overseas Empire countries it is even more recent. Here in the United Kingdom we have had no great difficulties in organising broadcasting under a public utility corporation holding a monopoly and entirely independent of advertising and commercial interests. The other British countries have not been so fortunate in this respect. Their experience has been more chequered, and in Canada, Australia and New Zealand the establishment of central broadcasting authorities dates no farther back than 1931 or 1932. The African Broadcasting Company in South Africa was formed in 1927, but it is a private company which the Government has only recently determined to take over. The years following the inception of broadcasting in the overseas British countries have been years of difficult problems of domestic organisation and policy, added to the formidable technical problems that have faced them in common with this country also.

The opening of the Empire service in December, 1932, was not only a technical triumph. It was an expression of the determination of all those responsible for it to use this new medium of communication in the highest service of the Empire. At this stage in the history of broadcasting there is no need to dwell on its power and

significance either from the national or from the imperial point of view. In the Empire jubilee programme, broadcast on May 6, we had an outstanding example of how broadcasting can unite all the peoples of the Empire, irrespective *of race or creed, in a common emotional experience which must remain as a permanent bond between them. But Empire broadcasting does not depend on such "high lights" as this for its general value, which is to be found rather in the daily services rendered in bringing the entertainment, the recreations, the news, the interests of the* ordinary citizen in one Empire country to the ordinary citizens of the others. At present the Empire service is very much a one-way traffic from this country to the overseas countries, but the future should see it develop as an increasingly reciprocal affair. This has been one of the main objectives of those responsible for it. The service is not, and has never been intended to be, propagandist, for that would be destructive of all its best aims. Stated in the simplest possible terms, Empire broadcasting is designed to keep the different countries of the Empire in daily touch with each other, and to make them all as well known to each other as is possible through the medium of this particular form of communication.

Sooner or later television will be joined to broadcasting, and the two will then stand forth without any possible rival as the *speculum mundi*, the mirror of life, culture, entertainment—the whole human scene. It is not for a moment suggested that television will be perfected within the immediate future. A long time will elapse before it can be of any great practical importance for programmes broadcast over the great spaces that separate the different countries of the British Empire. But for a generation which has seen within its own lifetime the rise and development of the motor-car, the aeroplane, broadcasting, and now television the developments here contemplated contain nothing inherently impossible. They are merely a matter of time.

It is fortunate, indeed, that we should have been able to call in broadcasting to redress the balance of the film during these crucial years, when the peoples who compose the British Commonwealth of Nations have been finding a new basis of association. For it must be admitted that, promising as is the future of the British film, British standards and the British point of view have gone largely by default in the past, so far as this particular instrument is concerned. It seems that the British film industry will in the end be able to hold its own against even its most powerful competitor, and the growing importance of the topical or news film favours London as the chief international centre. But, as things are at present, it is fortunate that we have in broadcasting an alternative medium of expression. Evidence accumulates that the Empire programmes broadcast from Daventry are increasingly popular outside as well as inside the Empire. Besides being received by British subjects living beyond its borders, they are growing in favour in such foreign countries as those of South America. It is worth while bearing this broader aspect in mind when estimating the general value of Empire broadcasting.

The organisation of broadcasting in the chief British countries overseas is of obvious importance to the whole scheme of Empire broadcasting. In this country we are familiar with the concentration of broadcasting in one national authority, and we are conscious of its great merits. It is easy, therefore, for us to assume that what is possible for the B.B.C. is also possible for the broadcasting systems of the other countries in the Empire. This is true only up to a point. The B.B.C. is an excellent example of that typically British development, the public utility corporation, which combines public ownership and ultimate control with the minimum of political interference, leaving individual initiative in the conduct of the business concerned practically unfettered. In Canada, Australia and New Zealand the Broadcasting Commissions (or Broadcasting Board in the case of New Zealand) are now all organised

on public corporation lines, and so approach, in varying degrees of closeness, the position of the B.B.C. Sir John Reith went out to South Africa at the end of last year to advise the Union Government on the future development of broadcasting in the Union, and his report recommended the entrusting of broadcasting to a public corporation on B.B.C. lines. The Minister of Posts and Telegraphs announced in March that the Government intended to adopt Sir John Reith's recommendations and that the necessary Bill would be introduced during the next session. When the present licences of the African Broadcasting Company lapse in March, 1937, they will not be renewed. Already the Canadian, Australian, New Zealand and South African broadcasting authorities can control broadcasting throughout the length and breadth of their countries, notwithstanding the existence of private companies in Canada and the "B" class stations in Australia. These latter, of which there are about forty, are commercial stations which depend entirely on revenue received from advertising or from their association with newspapers. It is true that at present there are still a few areas not covered by the national broadcasting commissions, but this is a temporary feature. In Canada, the Canadian Radio Broadcasting Commission seems to be vested by law with greater and more definite powers over private stations than is the Australian Broadcasting Commission. Thus the Canadian Act empowers the Commission to "make recommendations . . . with regard to the issue, suspension, or cancellation of private broadcasting licences," to "allot the channels to be used by stations in Canada" and "to prohibit the organisation or operation of chains of privately owned stations in Canada."

It is, perhaps, a little early to talk of India yet, since the organisation of broadcasting on a national scale is only about to begin. The broadcasting authority is the state or province, and for linguistic and other reasons the provincial governments will have to play a very active part

and exercise a fair amount of autonomous power for as far ahead as we are able to see. There is every appearance, however, that the central (in the future, the federal) government will retain control of broadcasting policy, and exercise, no doubt, the same sort of supervisory control over provincial broadcasting as it will exercise under the new constitution over the general government of the provinces. In any case, the great and increasing popularity in India of the Empire service will ensure its welcome by every provincial government, no matter what the latter's authority in broadcasting may ultimately be.

When we turn to the colonies, we find, of course, a completely different state of affairs. The West Indies have a few small transmitters privately operated; Kenya has a broadcasting service operated by Cable and Wireless, Limited, and Southern Rhodesia has a small service operated by the Postmaster-General. The Gold Coast, Sierra Leone, and Nigeria have the wireless exchange service (to be explained later) but, apart from these, there is no other established broadcasting service in any British colony or protectorate in Africa. It will be seen, therefore, that while, in the Dominions, the Empire service can supplement and vary the home programmes, in the colonial empire it provides practically everything. In the West Indies, of course, the Empire service gains additional importance because of their proximity to the United States.

II. The Material of Programmes

IN view of all these considerations, it is not surprising that the Empire broadcasting service has grown and extended rapidly, a convincing proof both of the demand for it and of the technical skill that makes it possible. At first, the Empire service comprised ten hours of programmes out of the twenty-four. To-day, the number of hours is sixteen. Side by side with this increase of actual

listening matter, improvements have been made on both the programme and the technical sides. One obvious difficulty arises out of the differences in time between the United Kingdom and most of the overseas parts of the Empire. Clearly, in many cases the best listening times, that is to say, in the evening, will be times when no home programme is being put out. This difficulty is surmounted to a large extent by electrical recording, but there has also been a steady growth in the direct relays of programmes. When the Empire service was first started it was not possible to do much more than relay portions of the home programmes eked out by recorded material. This tentative and experimental stage has now been well passed. To-day, all important items in the home broadcasts are simultaneously transmitted to the Empire, and also go out later on from the electrical recordings. A very notable advance during the past twelve months has been the formation of the Empire Orchestra, whose director is also responsible for all the music sent out in the Empire programmes. The Empire Orchestra broadcasts the music of composers in the various overseas countries, and sometimes selections from it are given in the home programmes at the same time as it is going out from Daventry. Visitors from the overseas Empire to this country also give talks or performances in the Empire programmes and in this way a very real contribution is being made to the cultural side of inter-imperial relations.

It is not necessary to dwell at any length on the all-Empire broadcasts of famous sporting events like the Derby, the Grand National, or the Boat Race. These are becoming important features of the lives of millions of British subjects who have never seen this country. Although "highbrows" may affect to despise these things as of no cultural value, they do "project" England to the rest of the Empire as nothing else can. In any case, apart from great ceremonies that affect the Royal family—the wedding of the Duke and Duchess of Kent is an excellent case in

point—these are the items that make the widest and most powerful appeal in the Empire programmes.

Another very notable development of the past twelve months has been the formation of a separate news section for the Empire programmes. Until last September, the Empire news formed part of the home news department, but it has now been strengthened, given its own news-receiving facilities, and organised so as to be able to give more "up-to-the-hour" news in the Empire broadcasts. The importance of this development to dwellers in the lonelier parts of the Empire can easily be imagined. Again, weekly bulletins of commercial intelligence, intended to keep listeners in touch with general movements in the commodity and metal markets, are about to be incorporated in the Empire service. Weekly produce market information has also been regularly broadcast since shortly after the service began. These valuable contributions to imperial trade and commerce are supplemented by talks on trade, financial, industrial, agricultural and general economic affairs by speakers of recognised standing.

Religious services have been broadcast regularly in the Empire programmes from Westminster Abbey and elsewhere, and these have always proved to be a peculiarly welcome feature. This summer the Dean of St. Paul's has initiated a series of monthly services in the cathedral for the Empire overseas. British men and women from all over the Empire who happen to be in London are invited to these services, and already there is evidence that in them we may find a new and intimate link between the King's subjects at home and overseas.

III. Transmission and Reception

ON the technical side of the Empire service a noticeable advance has been effected during the past three years. Electrical recording, which still necessarily plays an important part in the programmes, has been improved to

the marked benefit of listeners. In regard to transmission, the outstanding development has been the decision to increase the number and power of the Empire transmitters at Daventry. At present there are two transmitters which broadcast simultaneously to the Empire. When the improvements now under way have been completed there will be three transmitters at work for the Empire programmes. From the very beginning of the service extensive technical tests have been continuously carried out, and these are going on all the time. Already the conditions of reception have improved in many parts of the Empire, and this, in turn, has led to increasing popularity of the programmes and a growing demand for their extension. Indeed, for the present at any rate, the work of the engineers is quite as important as that of the programme builders. In order that the work of their engineers and other officers should not suffer from any preventible cause the B.B.C. send out post free to listeners all over the Empire a pamphlet showing which British-made receiving sets are suitable for use in any particular country.

For the purposes of the broadcasting service the Empire is divided into six transmissions, in which programmes go out at times to suit the convenience of listeners and the physical conditions of propagation. The timing of the six transmissions is a little complicated because the actual times have to change for technical reasons and for such special causes as summer time. Transmission I goes out for two hours in the early morning, so as to be picked up in the late afternoon or early evening in the Antipodes. A special programme is required for this transmission. Transmission II, for Malaya, the Far East and Western Australia, goes out from 11 a.m. to 2 p.m., and consists of items from the home programmes then being broadcast, special Empire programmes, talks and records of events. Transmission III is picked up in India, Burma and Ceylon in the evening, in the Mediterranean countries and the Near East in the afternoon, and in the American continent in the

early morning or at midday. The later part is also heard in East Africa. This transmission includes many special items, as well as talks and recordings. Sporting events in this country can often be relayed in it direct. Transmission IV is the longest of all, being broadcast between 5.45 p.m. and 10.45 p.m. The early parts are for South and East Africa and the Mediterranean countries, and the later parts for West Africa, the South Atlantic and British citizens in South America. In the main this transmission consists of extracts from the home programmes supplemented by talks, recordings and special features. Transmissions V and VI, between 11.0 p.m. and 1.0 a.m., are meant to serve Canada, Newfoundland, the West Indies, Western Canada and British listeners generally in North and South America. A special programme is necessary for these transmissions, which are so popular that their length will probably be increased in the near future.

Of course, listeners in all parts of the Empire can hear any of the transmissions—they are not necessarily confined to that specially intended for their own country—if they are willing to put up with possibly inconvenient times of reception. The Empire transmissions can be picked up in a variety of ways. Listeners with short-wave receivers can pick them up in their own homes. Failing this, they can be picked up at a central receiving station and re-broadcast for the convenience of listeners whose receiving sets are suitable for local reception only. The appropriate authorities in Hong-Kong, Ceylon and various other Colonies, and in the mandated area of Palestine, have co-operated with the B.B.C. by relaying programmes for listeners within their jurisdiction. Lastly, the programmes may be picked up at a central receiving station and transmitted thence over a line network, analogous to an ordinary telephone system, directly to the homes of listeners. These three systems can all operate at the same time in the same area. The third system is the one best suited to areas of dense and compact populations. It has

the further merit of appealing to people who cannot afford the price of a good receiving set. For them the only apparatus necessary is the loud-speaker, and they can rent the programme service on a small weekly payment. This system of "wireless exchanges" is in operation in parts of West Africa, and also in Gibraltar and the Falkland Islands; its extension to other parts of the Empire is under contemplation. In the Falkland Islands, one of the most remote of all the Empire countries, it has been a marked success. Any local authority empowered to do so may set up a high-power receiver and amplify and transmit programmes to subscribers via land-lines and a loud-speaker.

One of the programme improvements during the life of the Empire service has been the replacement of much recorded by "live" matter. But, as will be easily understood from the times at which the Empire broadcasts take place, recorded programmes will, for long enough, have to play an important part. In addition, special series of programmes representative of the best types of broadcast in the United Kingdom have been prepared by the B.B.C. and recorded on wax. These have proved very popular, especially where broadcast material is limited and where direct short-wave reception is difficult.

Earlier in this article the desirability was stressed of changing the still largely one-way traffic, from the United Kingdom to the rest of the Empire, into a more reciprocal service. Within the last year a long step forward towards this consummation has been taken. Important programmes from the Empire have been well received by home listeners. Among the more important of these were the 1934 Dominion Day programme from Canada, an Empire Day programme in Australia last year, the Melbourne centenary celebrations, an Empire Day programme from Canada in May of this year, including a talk by Mr. Bennett which was broadcast simultaneously here and in Canada, and the Union Day programme from South Africa this

year, in which the Earl of Athlone took part. All these programmes were broadcast throughout the Empire. These are the examples of the more serious programmes, but some excellent entertainment material from the overseas Empire has also been relayed in the home programmes. Listeners all over the Empire are helping immensely in the development and improvement of the service by constructive suggestions and criticisms. By the beginning of this year about twenty-five thousand letters about the service had been received from overseas.

From all that has been said it is clear that the Empire broadcasting service is in a very lusty infancy. It has grown rapidly during its two and a half years of life, but by far the greater part of its growth has yet to come. Technical and other difficulties exist, but the basic condition of further progress, universal demand for the service, is fulfilled, and neither the technical resources nor the good will to surmount difficulties will be found wanting.

REFORM IN THE PROTECTORATES

A FEW months ago The Round Table was expressing the reasons that had led it to the conclusion that an early transfer of the High Commission Territories in South Africa to the administration of the Union Government was desirable in their own best interest.* At that time there seemed to be a real danger that when General Hertzog broached the matter in London he would be met with a bare negative, a result that would have gravely prejudiced the future welfare both of the Protectorate natives and of our own relations with the Union Government. Fortunately, things did not turn out that way. The understanding reached between General Hertzog and Mr. Thomas may be described as a compromise, but it was more than that; it was a constructive effort to bridge the gulf between the present state of native opinion in the territories on the one hand, and on the other all the forces (which we need not again review) making an early transfer advisable.

Briefly, the British Government renewed the promise expressed in the South Africa Act that government under the Union must be regarded as the eventual destiny of the three territories (though with a caveat about the possible effect upon the northern part of Bechuanaland of the establishment of Southern Rhodesia as a self-governing colony). At the same time they drew attention once more to their undertakings to consult both Parliament and the inhabitants of the territories themselves before transfer should take place, and they declared that since native

* See The Round Table, No. 98, March 1935, p. 318.

opinion seemed to be strongly opposed to transfer the time was not yet ripe for such consultation. The conclusion drawn was

> that the policy of both Governments for the next few years should be directed to bringing about a situation in which, if transfer were to become a matter of practical politics, it could be effected with the full acquiescence of the populations concerned. With this end in view we feel it important that the closest possible co-operation should be established between the Union Government and the Administrations of the Territories.

General Hertzog has since expressed his cordial acceptance of this understanding.

What form the co-operation between the Union Government and the Administrations of the territories will take is not yet clear. Some of the possibilities are indicated below. But whatever kind and degree of co-operation may prove practicable, the United Kingdom Government itself has a grave responsibility to discharge in the next few years. It has a duty, in short, to be able to hand over the territories, when the time comes, as a healthy, going concern, instead of in their present state of destitution and neglect. This is required in the name of statesmanship in Commonwealth affairs as well as in that of trusteeship for the backward peoples under our charge.

The possible lines of a programme of reform are to be traced mainly in the three reports written by Sir Alan Pim, with the advice of Mr. Milligan, and published in 1932, 1933 and 1935. These reports reveal the territories as very small political units, producers of low-grade primary products which have to face serious transport difficulties and to compete with the products of the surrounding country in its own market. Relief here must mainly come from the indulgence of the Union towards a competition that annoys the white farmers. Here is the first and clearest field of co-operation with the Union Government. In the limited sphere open to him Sir Alan Pim has recommended the construction of a

creamery to treat the milk production of northern Swaziland at a cost of £5,000, and, for Basutoland, a system of preparing and marketing wool in special sheds which would cost £2,800. The Commissioner also shows himself a believer in producers' co-operative societies.

But these provisions aim only at the handling of what has been produced. The next problem is to improve the products. Swaziland and Bechuanaland are mainly, and Basutoland largely, pastoral. Not only is the stock poor but the evidence points to its progressive deterioration. Plans have therefore been put forward to accelerate the grading-up of cattle by the introduction of Shorthorn or selected Afrikander bulls. The cost for Bechuanaland, which is almost entirely dependent upon the cattle trade, is put at £7,000 over five years, and for Basutoland at £1,390 over two years—a modest figure, since it promises help also for sheep, horses and mules. For Basutoland two further measures are suggested, the introduction of new crops such as fruits and vegetables and the improvement of the very valuable "strong" wheat grown in the highlands. This crop is exclusive to Basutoland in South Africa and has a ready market in the Union; and, as her wool and mohair are exported to Europe, Basutoland is fortunate in that her two main products do not compete with those of the Union.

If the programme could stop here it need not be a very costly one. But these measures would still be dealing only with the surface of the problem. The gravity of the position in these territories arises from a decline in the basic physical resources upon which the production of stock and crops depends. If this decline is not arrested now it may continue until production beyond mere subsistence—and with it the sources of revenue—reach vanishing point. In Basutoland and Swaziland, as in most of the Union reserves, the destruction of resources must be attributed indirectly to the coming of the white man. He has penned semi-nomadic peoples within narrow and

rigid bounds, and has then expected them to treble their production before they have had time to learn intensive methods. Such methods alone would make continuous production on this scale possible to them, but they would also mean fundamental changes in their way of life. The result has therefore been a destructive exploitation of the land, with its disastrous consequences of erosion, the spread of noxious weeds, the drying-up of water supplies, and the deterioration of crops and stock. No cheap, superficial alleviations are possible here. Basutoland presents the major problem, and measures, immediate and long-range, against erosion, with the appointment of an ecologist to make a five years' study, are recommended by Sir Alan Pim at a total cost over ten years of £183,500. In Bechuanaland, where human agency can hardly be blamed either for the shortage of water supplies or for the gradual drying-up of those which exist, £10,000 has been requested for immediate measures, while an extensive programme over a long period of years, "essential for avoiding an imminent calamity," might cost up to £200,000.

But the protection and improvement of natural resources will end in expensive failure unless some change can be brought about in the people who handle them. Here we reach social problems of even longer range than a ten years' erosion programme. Ignorance and disease are the great public enemies in the territories, and, with the exception of education in Basutoland, the struggle against them, begun all too late, has been half-hearted. Medical provision in all these territories is inadequate even by African standards, and the sanitary position among the Bamangwato is really grave. Mr. Thomas has announced that a grant of £100,000 from the Colonial Development Fund, mainly for educational and medical services, is under consideration, and a grant of £10,000 from the South African mine-owners is to be used for medical purposes. Already dispensaries have been set up in Swaziland. Agricultural and veterinary education is to be extended, especially in the highlands of

Basutoland, which are being opened up to cultivation as the pressure on the lowlands increases. It is not very easy to estimate the total sum that will be required yearly to finance such a programme, to meet any deficits in the smaller territories, and to allow for any adjustments in personnel during the next five or ten years, but it will probably be between one and two hundred thousand pounds for the three territories. One thing is certain, that the territories will not be able to meet any of these extra charges themselves. Sir Alan Pim has been unable to recommend either increase of revenue or decrease of expenditure on anything but an inconsiderable scale.

No official statement brings us quite up to date with regard to the money actually granted, loaned or earmarked for the territories. Basutoland, we know, has so far received nothing. On June 18, 1934, Mr. Thomas, in reply to a question, stated that between 1909 and the end of 1933 the two smaller territories had received £374,000 between them. The Colonial Development Fund had issued or promised £61,000. Replying to a question on June 20 of this year he stated that in the past four years these two territories had been voted £427,000 by the House of Commons. Presumably the money will come in the future from the same two sources as in the past.

Last, but by no means least, comes the administrative problem. No progress in the economic or any other sphere is possible in these territories until the energies of chiefs and people can be harnessed in their own interests. Above all, the large powers exercised by the chiefs need to be regularised and controlled. In Bechuanaland two Proclamations issued early this year with this object are being opposed by at least one of the chiefs. In Basutoland the opposition to such measures is likely to be even stronger. The chiefs resent any diminution of that quasi-independence which has so long been allowed to them and which they claim as part of the original agreements made with them. (In Swaziland, where the paramount chief appears

to be progressive and willing to work with both the European administration and his more educated subjects, the difficulty seems to be less acute.) It is certain that any hasty, tactless interference with the chiefs' position would cause all their people, the intelligentsia among them, to fall in behind them. Without a new relationship with the chiefs no progress is possible, yet the enforcement of that relationship may destroy the confidence of the chiefs, upon whose co-operation this progress depends. Only by the most able and sympathetic administration can a way be found out of this dilemma.

Our experience, and that of the Union, in other parts of Africa, suggests that there are four essential measures in the reform of the native administration. The position and powers of the chiefs must be defined, and a new relationship of continuous co-operation established between them and their political officers. Native courts must be regulated, proper records kept, and fines and fees accounted for. Secondly, arrangements for the education and training of future chiefs must be made. Thirdly, commoners, and especially the most educated elements, must be given more scope in tribal institutions. Lastly, the Native Treasury system must be introduced. Under this system funds derived from a rebate of taxation and from court fees and fines are paid into the Treasury. A budget is drawn up by the native authorities under the guidance of an administrative officer, which carries the salaries of all native staff from chiefs down to messengers. The surplus is devoted to such projects as dispensaries, schools, fuel plantations, etc., of which the Colonial budget is relieved. By this means the leaders of the people come, by degrees, to understand the handling of money, to appreciate the significance of taxation and to develop a sense of possession towards those welfare services which they so urgently need.

There is one fundamental condition without which this policy cannot succeed. We have committed ourselves to what is almost certainly the most difficult piece of adminis-

trative work in Africa, and the difficulty is greatly increased because we have to work against time. Sir Alan Pim points out, with a tact that cannot disguise the strength of his opinion, that the present staff is, on the whole, inadequate to the task of reorganising the administration. This is intended as a criticism, not of the present personnel, but rather of the many handicaps, psychological as well as practical, under which they have carried on with a surprising degree of success. There are serious defects in recruitment, training, allocation of duties, and administrative methods. The senior administrative posts are recruited from men who have served a deadening apprenticeship as clerks or an unsuitable one as policemen. Sir Alan Pim recommends, in effect, fewer and better-trained men, and the separation of the political, police and clerical cadres, so that each may concentrate upon its proper functions. Clerks and other minor employees should be recruited more largely from natives, a policy desirable in itself as well as an economy.

An effective infusion of new blood is only possible from below. The new men drafted into the Protectorates should be at least as good as those recruited for the Colonial Service. This would mean a university degree and a year's training in the Colonial Services Course at Oxford or Cambridge. The suggestion that South African Rhodes Scholars should be recruited has been widely approved. Educated partly over here, they are in a position to understand our ways and to appreciate our traditions of native policy. A number of picked men in the Protectorates who could add such an understanding to their own experience and local standing as South Africans would be able to bridge the difference in outlook and practice in native administration in the Union and British Africa, and would help each side to understand better the different conditions with which the other has to deal. The rates of pay may have to be revised in order to attract better candidates for cadetships, and it would be necessary, by arrangement with the Union Government, to guarantee continuity in office for

the staff, in the event of transfer. An equally important guarantee of continuity of administrative practice, and of mutual understanding between the Union and this country, would lie in an interchange of personnel between the administrations of the Protectorates and of Union native territories—a measure of co-operation that is as essential as any.*

We have undertaken in the eyes of the world a task that is important out of all proportion to the population or the revenues involved. It is a test at once of our humanity and of our administrative capacity in a sphere where we have great traditions to uphold. It is also an opportunity for us to contribute something towards the solution of South Africa's major problem. Opinion in this country, which has been deeply roused by the issue, would be justified in demanding that no small obstacles, whether administrative or financial, should be allowed to prevent the full achievement of the reforms to which we are pledged.

* An earlier article in this issue (see above, p. 722) deals with Union native policy.

INDIA IN TRANSITION

I. The Earthquake

THE event of the quarter dwarfing all others has been the earthquake at Quetta. General testimony is loud in praise of the promptness and efficiency of military action. In many quarters it has been declared almost an act of providence that the military quarters should have escaped so lightly. With thousands of casualties concentrated over a small area, the subsequent dangers to public health were enormous, and when, later on, the whole sequence of events is reviewed, it may possibly be concluded that the placing of a cordon round the ruined city was the most important single action taken.

One of the most regrettable events in connection with the earthquake was the outburst of condemnation in a certain section of the Indian press. In this the Bombay papers achieved a discreditable prominence, and the venomous alacrity with which grossly objectionable motives were attributed to the Government and the Army authorities could not fail to arouse strong feelings of resentment. To suggest, as was done, that Europeans were given deliberate priority, that many lives could have been saved but for an unnecessary ban on entry, and so on, was discreditable and depressing. In this country, where Europeans are so few, and for obvious reasons conspicuous, it is practically impossible for them to escape notice and recognition, and a similar prominence attends them even in death and calamity. This is not to say that the first publicity steps taken might not have been improved. Whoever first thought of using the word "sealing" had

a most unfortunate brainwave. It is hardly too much to say that the use of this word in the earlier messages gave a start and certainly an impetus to the campaign of misrepresentation. It would have been useful if the authorities could at the outset have provided for the presence of even half a dozen representative non-officials from outside as distinct from pressmen. It may sound an unfortunate statement, but in the present condition of India efficiency is not enough, and where suspicion is never at rest, suspicion plus ignorance can do far more harm than is realised.

The situation, however, was not without its encouraging features. Though the Muslim Mayor of Calcutta wound up the Calcutta Mayor's Fund on the pretext that expenditure from it could not be carried out by its own agents, the outspoken Congress Mayor of Bombay declared that relief was the first duty and that therefore considerations of prestige and so forth must take second place, a commendable attitude also adopted by the Congress President. A Congress paper of Delhi also, referring to the Bombay diatribes and suspicion mania, suggested drily that Bombay might like to offer a reward for anyone who could prove Government responsible for the earthquake.

II. The Political Front

THE last three months have been a period of comparative quiet on the political front in India. With the passage of the Bill through the House of Commons it might almost be said that the tumult and the shouting have died. India is in the process of digesting the full meal it has been consuming in recent months. It is significant that in Congress circles discussion has been devoted largely to the future; and even that enduring focus of protest, the Communal Decision, has receded in importance. Mr. Satyamurti delivered himself of various conjectures regarding the future participation of the

Congress in the government of the country and indicated a personal inclination for the post of Minister. He was *called to task in other Congress quarters, and almost publicly snubbed by the Congress President. It is not* what he said, however, that matters, for his actual words were not particularly well considered; what is interesting is that a man in his position, who has more than once played the part of the straw that shows how the wind is blowing, should have publicly advocated Congress' taking part in government under the new constitution. It may be taken as certain that the Congress party are devoting much consideration to the future constitution, and to their rôle in it. Another practical certainty is that whatever may happen in the tempestuous North or among the Telugus, the Tamil South, whose people are more pragmatic and hard-headed than those of any other region, is extremely unlikely to neglect so promising an opportunity of acquiring power. Gestures are too common in Indian political life, and it is one of the Tamil's chief merits that he has less taste for them than other communities. He might not unjustly claim a primacy in political sense.

With the impending passage of the Bill,* practical preparations come to the fore as the centre of importance and interest. Decisions of policy have already been taken, but their expression is a matter for executive action by the Central and Provincial Governments and authorities; in view of the volume and complexity of the Bill, with its 470 odd sections and its 16 schedules, the work involved in preparing the way for this expression is seen to be colossal. The most obvious, but in a way the simplest and most straightforward, effort relates to the new electoral system—the preparation of the greatly magnified electoral rolls, the delimitation of constituencies, and arrangements for the holding of elections. The electoral rolls will be enormous, and will represent a serious addition to the

* The Government of India Bill received the Royal Assent on August 2, 1935.—*Editor.*

expenditure of such struggling provinces as Bihar. *The delimitation of constituencies is a matter of delicacy and great importance, in which communities will take an intense interest. Some of the problems are of extreme difficulty: for example,* the creation of the new trade union or special labour constituencies. When one thinks of the rudimentary nature of many of the present trade unions, it is difficult not to feel some apprehension regarding their future use as electing agencies. One benefit of the much condemned scheme of separate electorates is that it removes, in relation to the main communities, what would otherwise have been a danger calling for the most careful and intricate precautions, namely, the possibility of gerrymandering. The allocation of seats in the Chambers is not enough; for joint electorates would leave openings for the use of constituency formation to affect the type of member returned—for instance, by making most or many of the occupants of the Muslim or other minority seats dependent on a substantial Hindu vote. Indeed, it is the fear of just such a consequence that is responsible in part for the passion with which general Muslim opinion has clung to separate electorates, and from this point of view no initial electoral system lacking that element would have worked.

The last-minute decision of His Majesty's Government to adopt direct election for the Council of State is a belated but nevertheless welcome recognition of the undesirability of an electoral system at the centre which admitted no form of direct representation at all. It will be accepted by political opinion out here as better than the original system put forward in the Bill, but it will operate even more as a spur to renew the demands for direct election to the Lower House. A Congress daily paper of Delhi, comparing the new Upper House with those of Australia, Canada, South Africa, and other countries, finds it "a political nightmare." Remarking that only 128 British Indian seats in a House of up to 260 will be filled by direct election, and comparing this insignificant element with the

millions of India's total voters, it finds the system as revised merely "a mongrel scheme." It will certainly be a peculiar position in which an Upper House elected on a very restricted franchise should be the sole vehicle of what is generally considered the democratic force of direct election. Judged by pure political theory the system is topsy-turvy, but there is a good deal in the new political system in India which might incur the same condemnation.

There is a not uncommon impression that constitutional development in India will resolve itself into (1) a period of provincial autonomy with a centre operating much on the present lines; (2) after the minimum of States' accession, the inception of federation. Actually, from the inception of provincial autonomy, the central government will have been fundamentally and irrevocably altered, and the essential changes of the federation stage (with the exception of the States' presence) are bound to operate immediately at the centre. The important clauses are 308 read with 471. Power is given by clauses 471–3 to His Majesty in Council to postpone the date of entry into force of any particular part of the Act, for example the 7th schedule and its distribution of legislative powers. Such postponement would require a specific Order in Council; in its absence the whole Act, except Part II, enters automatically into operation.

It is true that the central executive government, with the Governor-General, Members of Council and so on, will remain and will be widely different from the full federal executive; but its functioning will differ almost as widely from that under the present system, so far as actual administration and powers are concerned. One cannot be certain or even very confident how provincial autonomy will work, but a general idea can be gathered from provincial history of the past 15 years. It is practically impossible, on the other hand, to form any satisfactory idea of how the peculiar transitional system at the centre will work. The irremovable executive will still be there,

but its relations vis-à-vis the provinces will have been widely changed.

During the months, or rather years, of discussion, much has been heard of the safeguards and the special responsibilities with which the new constitutional scheme bristles. The efficacy of these safeguards is one of the most difficult problems presented. The two main opinions regard them either as some kind of strangling cord or as useless. Truth lies, as usual, somewhere between, but one may venture a prophecy that it will be found to lie nearer the latter view. To those who look with assurance on the formidable list of special responsibilities set out in clauses 12 or 52, one can only advise a moderation in expectation. The whole system of special responsibility presumes for its effective exercise that some part of the Government and of the people will be behind the Governor or the Governor-General. If he were single-handed it would be practically impossible for him to carry out any of his duties. The position, in fact, rests upon the assumption that acquiescence plus inertia will be together greater than actively opposing forces. In future the actively opposing element will be greater and the occasions on which an adequate margin will be left will be fewer than under present conditions.

Perhaps the most interesting general speculation is how the more democratic system will fit in with Indian history and idiosyncrasy. The chief characteristic of democratic government in the administrative field is the blurring of responsibility, and it is in this direction that India's chief difficulties will lie. Some would use the word "dangers" instead of difficulties. The parliamentary and ministerial system mask the location of individual responsibility for administrative action. They make it easier to spread blame and to avoid decision.

In reviewing the Indian scene one or two clear lines of possible party cleavage present themselves. The first is the agrarian line. Recent legislation passed in Madras after stormy protests, but not yet assented to by the Governor-

General, conferred occupancy rights on a class of inamdar tenants by provisions which indignant inamdar interests condemn as sheer expropriation. Pro-tenant legislation in the United Provinces a few years ago was warmly espoused by the Congress and was the cause of serious difficulties in that province. Such differences are not likely to lead to stable parties in the best sense; for the motive is mainly one of interest, not of principle, and a stable political life develops only when party severance transcends frontiers of class or interest. India is still far from basing her political life on broad differences of principle; she has been too much concerned with matters of national status and prejudice. It may be an early and a welcome effect of a wider political freedom to provide such a base.

Another possible line of cleavage is the consumer *versus* the tariff-protected manufacturer. Within a short space of years India has changed from practically a free trade country to one of the most highly protected countries in the world, with the incidence particularly on the agricultural consumer. It may be that the extended franchise will produce changes in the customs outlook and that the electorate will revolt against the regular manipulation of the tariff to protect the profits of inefficient industries.

Such developments are, however, matters for the future. Indian politics so far have been conducted largely on the basis of personalities. In any electoral system personality will always count in that an individual of outstanding idiosyncrasy, in the true sense of individual make-up, will collect more public interest and therefore more votes. India is peculiarly susceptible to the personal appeal, and the chances are that the first elections under the new system will be run largely on personal lines. The question then becomes one of the type of man who will be attracted to political life. The carpet-bagger is by no means unknown in India and there is the risk that he may become more rather than less numerous. On the other hand, the British people are perhaps too prone to look on democracy as

possessing a purely Anglo-Saxon cast of feature; actually it should be regarded as almost protean, and its Indian expression, while differing widely from the British original, may be quite as genuine.

III. Congress and the States

AN interesting and as yet unelucidated political problem is the attitude of Congress to the States. This was brought into prominence recently by the engagement of the leader of the Congress party in the Assembly, Mr. Bhulabhai Desai, as an adviser to the States. The significance of the choice should not be lost. Mr. Desai is an able lawyer, but there are many able lawyers in India without pronounced Congress or indeed any political associations. If the States deliberately choose a man of his political commitments as their adviser, it would justify a conclusion that they were at least inclined to preserve a Congress connection. One of the errors of British political parties is to look on the Princes as conservative diehards in the British sense. They are not. They are more or less absolute rulers, and if there is anyone who has to be a realist, it is a despot. The Indian Princes are realists; they are playing for their own hand—not unnaturally, since no one else will play for them. They see before themselves and their States a future in which the British element will play a less, and Indian elements—many of them disaffected or lukewarm towards the British connection—a greater part. They and their States are indissolubly connected with India's political future and they would be failing in common sense if they omitted to establish some sort of nexus with forces which seem likely to govern or at least influence the India of the future. To the British conservative might well be recommended, in a slightly different sense, Strafford's famous words of three centuries ago: "Put not your trust in Princes."

The actual advice given by Mr. Desai was at first sight

surprising, and it occasioned much clamour and condemnation in the Liberal and in some of the Congress press. In substance he advised the Princes to stand on their rights; to demand that the Instruments of Accession be called treaties; to protest against the use of such words as "usage or sufferance" in any reference to the origin of the authority of the British Crown in regard to the States; to oppose any reference to State subjects in the new Bill soon to become an Act; to object to the Governor-General's having any power to prevent any menace to peace or tranquillity in the States. This advice was elaborated later in an address given to the Mysore Bar Association. Mr. Desai declared that the position of an Indian State, according to international law, was that of a monarchical State, where the ruler was a despot in the Greek sense, the source of all power and authority, whose will was law. In this view only the Prince could represent the State as a unit of the federation in a strictly legal sense. The *Leader* of Allahabad considered these opinions so reactionary and in such opposition to the previous position of the leader of the Congress party that it declared:

> We cannot but think that Mr. Desai divided his mind into compartments, political and professional. . . . The memorandum is a sad commentary on the public spirit of its author.

The non-Brahmin paper of Madras, *Justice*, complained that

> for giving similar advice to British Indians and advising them to fight along constitutional lines for political freedom, we have been called traitors. . . . What is the secret of this strange attitude of Congressmen towards the States?

The *Servant of India* describes Mr. Desai's advice as calculated to "stiffen up the Princes' attitude against the claims of the all-India Federation and to bolster up their truncated sovereignty."

In a way these comments are natural enough, but it is necessary to look deeper if we are to see the rationale of

Mr. Desai's attitude. *Though pressed from time to time to take up the case of the State subjects as against the Princes, the Congress has always hedged on this issue.* Mr. Gandhi himself aroused much comment when he declared that "any attempt on the part of the Congress at interference can only damage the cause of the people in the States. . . . I have not lost hope that the Princes will . . . become real trustees of their people. I do not seek to destroy their status." This almost identically is Mr. Desai's view and presumably the present view of Congress. The demand for the abolition of the Princes and their position is, in Mr. Desai's words, psychologically wrong. His probable thesis might be summed up thus: there is no foreign domination in the States. Therefore keep them strong. If they are now assimilated, to what will they be assimilated? To British India in which for a long time to come His Majesty's Government in some form or other will retain a powerful say. In this theory, the States may be the location of the most effective resistance to and subversion of British authority in India. What will happen to the States after such subversion is achieved is another matter, and the Congress party of those days, under whatever name it passes, will quite possibly be ready to sacrifice them; but at the moment and in the immediate future the States may be a useful tool in the Congress hands. No such theory has ever been expounded by any Congress authority, nor for obvious reasons could such an exposition be expected. It is, however, plausible. One thing is certain: those idealists in the United Kingdom who look upon the Princes as the steadfast bulwarks of the British conservative case have thrust their heads in the sand and lost all power of surveying the future.

IV. Muslim Eddies

THE Indian Muslim world has been seriously agitated by an amendment to one of the vital clauses of the Bill, which began as 285, was referred to commonly in

the agitation as 299, and has now assumed the number 304. In essence the position is that the original 285, in relation to the matters of present controversy, enabled either the provincial legislatures on a Minister's motion, or His Majesty in Council *suo moto* after ascertaining the views of the Government and legislatures affected, to initiate amendments to the provisions of the Bill relating to the number of Chambers in a provincial legislature or the size and composition of any such Chamber. The amendment that has provoked the Muslim furore took the form of inserting among the matters which could be so revised the provisions relating to "the method of choosing" the members of a provincial legislature. The Muslims say this is a breach of the Communal Decision, and their anxiety was intensified by the accession to the Secretary of State's "Gadi" of one who in their eyes is considered antagonistic towards them.

Amendments to the clause have been moved in Parliament which recognise the Muslim suspicions and propose to make it plain that no alteration will be embarked on without the consent of the minorities affected. Thus in effect we are back to the original position, though with a residue of suspicion which will dissolve only slowly, if at all. Apparently the theory behind the amendment was that it was undesirable to invoke the agency of an Act of Parliament to effect a change in such a matter as separate electorates; but here, and not for for the first time, Parliament followed too closely mere theory with insufficient regard for realities and for the fact that in India emotions and suspicions are among the most important political realities. In the very circumstance that a specific Act of Parliament would be necessary to alter the Communal Decision lay most of the confidence felt by the Muslims touching the continuance of the Decision till they themselves should wish it altered. It is important to grasp the psychological aspect, which in political matters in India always comes first. The guiding principle should

be, not what well-meaning persons in the United Kingdom think would be logical and satisfactory, but how any proposed changes will be regarded by the communities in India who will have to live under them and in whose minds, distorted by long years of controversy, they achieve a disproportionate importance.

There have been signs recently of a growing tension between the sect known as Ahmadiyyas or Qadianis and the orthodox Muslims of the Punjab, and if the division is not healed there may be political reactions of an amplitude much greater than might be anticipated from the present comparative numerical insignificance of the Qadiani sect, whose numbers were not separately recorded at the 1931 census but are said not to exceed 60,000. The Qadianis take this name from the small town of Qadian in Gurdaspur District in which their sect centres, and their other name of Ahmadiyyas from Ahmad, their founder. In essence they claim that Mohammed was not the last Prophet, but that Islam permits the rise of successors to him, one of which successors has appeared in the person of their own founder. This is not the place for a discussion of tenets or points of credal cleavage, but apart from this theoretical doctrine of a still open line of Prophets the Ahmadiyyas are, if anything, fundamentalists rather than reformers.

There have been some bitter references in the press by orthodox Muslims to the growth and still more to the alleged arrogance of this sect. Sir Muhammad Iqbal has declared that in effect they are true heretics and should be condemned by the orthodox Muslim world; and he calls on them to stand forth as the Bahais did before them, as holders of a separate non-Muslim creed. The orthodox attack is that the Qadianis want it both ways. They want to share in the Muslim preferences for electorates and appointments and at the same time to stand out as an individual element in opposition to the general Muslim cause. Extra point is lent to the dispute by the fact that

the present Mohammedan Member of His Excellency's Council is perhaps the chief and most respected member of the Qadiani community. Before his appointment was announced there were objections in the press on the part of certain Muslims on the ground that no unorthodox Muslim, however competent, should at such a time be the incumbent of a post so representative and important for the Muslim world.

Islam is and always has been jealous of its unity, and its only great sectarian division goes back practically to the beginnings of Islam and therefore has, as it were, a prescriptive right to recognition. Even the Shias, however, widely as they differ from the Sunnis on such matters as the right of individual interpretation, share the essentials with their Sunni and other fellow Muslims; the objection of Sir Muhammad Iqbal and other Muslims to the Qadianis is that they are held not to share those essentials. One opponent goes so far as to brand the Qadiani tenets as a form of Mazdaism.

The political reactions of this cleavage are interesting and important. There is in the Punjab a strong Muslim community known as the Ahrars. This self-assumed title means "free" or "noble," and the Ahrars have in the past arrogated to themselves the title of champions of the true Islam. In this guise they were the prominent movers in the gang invasions of Kashmir which created such a commotion in the Muslim and Indian world generally a year or two ago. They have always been inclined to flirt with the Congress, and there have recently been indications of something in the nature of a definite pact between the two. The bearing of this on the Qadiani problem is that the Ahrars have more or less associated themselves with the extreme anti-Qadiani Muslim view. One of their leaders, prosecuted and sentenced for a defamatory attack on the new sect, was in effect acquitted on appeal, by the reduction of the sentence to imprisonment till the rising of the Court. This decision and still more the details

of the judgment bearing on Qadiani beliefs and claims have caused a considerable commotion.

With the nice balance of communities effected in the Punjab by the Communal Decision, it is in the most obvious way in the interest of the Hindus and the Sikhs to encourage any Muslim dissensions. If the Ahrar-Congress pact comes into operation, the main Muslim party may be in danger of yielding some seats to the Ahrars, thereby weakening the solidarity of the Muslim bloc in the Punjab Council. It is in the Hindus' and the Sikhs' interests to fish in Muslim troubled waters, in fact to trouble them still more; hence one need not wonder if there are other than Muslim prejudices behind the Ahrar activities against the Qadianis.

V. East African Echoes

As a supplement to Mr. Menon's report on Zanzibar and the clove situation,* there appeared recently his report on the Marketing and other Ordinances in Tanganyika and the adjoining territories in East Africa, together with the views of the African Governments concerned, the Government of India and the Secretary of State. The position is peculiar, but Indian comment, although inevitably overpitched, does not so far seem to have acquired the bitterness and exaggeration of the outbursts over Zanzibar. A perusal of the various ordinances suggests that the Governments of these territories have been too much consumed by modern theories of planning and by a desire for conscious articulation of their territories' development. It is difficult to avoid an impression that some of the elaborate regulations are beyond the present needs or capacities of the territories concerned. On the other hand, it is difficult not to feel that the problems in these territories are of a magnitude and complexity that called for a much longer investigation than the hurried

* See The Round Table, No. 99, June 1935, p. 548.

journey of Mr. Menon could give, and that from the Indian point of view there was need also for the presence behind the enquiry of a greater fund of experience of life and affairs and administration. Thus to the critical reader the report, although clear and competent, inevitably seems on occasion superficial, and it occasionally contains phrases which might have been deleted. "Death knell" and "flagrant instances" are the tone rather of a publicist than of an investigator.

The tenor of the African Governments' comments on the report is admirable; although they might have objected, with some reason, to public criticism of their actions after an investigation of this sort, the only specific comment from this aspect was directed to the shortness of Mr. Menon's visit. It is interesting to observe that to the author of the report the natives of East Africa seem to be all one, whereas, as the rejoinders point out, there exist profound differences not only of culture but of temperament and capacity between the Bantu and the Nilotic or Hamitic Africans.

India,
July 22, 1935.

THE IRISH DEADLOCK

I. The Budget

According to one's political outlook, Mr. MacEntee's fourth budget may be said to prove either the success or the failure of the Government's economic policy: its success, because revenue from import duties has seriously declined, owing to the development of our industrial production; its failure, because the increased social services, and the necessity for providing export bounties to assist the impoverished farmers, have forced him to impose fresh taxation on the necessities of life. Faced with the task of providing for an estimated expenditure of over £34,000,000, he filled the gap between that sum and £28,201,000—the expected yield from current tax and non-tax revenues—in three ways. First, by new or increased taxation: from duties of sixpence per hundredweight on imported wheat, fourpence per pound on tea, a farthing per pound on sugar, eightpence per pound on tobacco, and eightpence per gallon on motor oils, from a 50 per cent. increase of tax on the dearer cinema seats, from new customs duties and minor income-tax changes, including an increase of the property tax by a quarter, he expects to obtain an added revenue of £1,185,000, or a total of £29,386,000. Secondly, by various deductions from the published estimates, including £1,330,000 through the transfer of Local Loans to a separate fund, he decreases expenditure by over £2,000,000. His third method of meeting the situation is the now customary one of separating capital and non-recurrent expenditure from that which

can be described as normal. This non-recurrent item he intends to meet by borrowing £2,159,000.

There remains a deficit of almost a million, which is taken off for over-estimation. These items, added together, amount to £5,181,000, and leave a net amount of £29,376,000 to be provided out of ordinary revenue, or just £10,000 more than he expects from tax and non-tax yield. On this slender margin he faces the coming financial year. Last year's results may, perhaps, be said to justify his optimism; for, although he estimated twelve months ago that he would need to find by borrowing or otherwise the sum of £7,212,750, he had in fact to borrow only £2,432,811, as revenue exceeded the estimates by £538,000, and expenditure was less by £4,238,000. The latest financial return for the first quarter of the present fiscal year shows, however, that in spite of the increased taxation and the economies effected the Treasury has lost over £2,100,000 of the balance on hand at the beginning of April. Between April 1 and June 30 the amount of revenue collected was down by £399,430, and expenditure was up by £443,523, compared with the same quarter of 1934—a total reduction of £842,953.

Under all the circumstances the ordinary taxpayer is inclined to be thankful for small mercies, and to rejoice in the fact that the fresh burden of taxation is evenly distributed. On the other hand, the tariff policy is having serious effects on revenue. We are painfully discovering that we cannot have our cake and eat it. For instance, the new sugar beet factories will cost the Exchequer about £500,000 a year through the drop in customs revenue on imported sugar. The customs revenue from other dutiable articles also shows a considerable decline, owing to the establishment of native factories. The duties on wearing apparel, boots and shoes, and commodities manufactured from sugar are estimated to yield a revenue in the coming year which will be nearly a million less than in 1929-30.

Reductions of £100,000 in old-age pensions, and of

£300,000 in unemployment assistance, together with the abolition of free beef and the increased taxes on tea, sugar, wheat, and tobacco, naturally did not please the Labour party, who now find themselves in a difficult position, and who actually voted against the Government in some of the divisions on the financial resolutions. But they have so identified themselves with the Government's policy that retreat is almost impossible. For nearly three years they have kept the Government in office and, by their leaders' "fortnightly conferences" with Ministers, have managed to delude their followers into the belief that they were exercising an important influence on Government policy. Actually they have given everything and got little in return, except humiliation. This budget is, in many respects, the last straw, and during the budget debates Mr. de Valera told them, in effect, that if they did not like it they could go into opposition. They may, however, extract some consolation from the fact that the Government have introduced a Bill to provide widows' and orphans' pensions, on a contributory basis, for the wage-earning classes whose remuneration does not exceed £250 a year, and on a non-contributory basis for widows and orphans of persons who at death were occupiers of small agricultural holdings, or who, though wage-earners, failed to qualify for contributory pensions. One Labour member, however, pointed out that it was difficult to understand the mentality of a Minister who proposed to tax the tea and sugar of widows, orphans, and old-age pensioners in order to provide them with pensions.

Another Bill, dealing with conditions of employment, which has been rendered necessary by the conditions prevailing in some of our new factories, is also, no doubt, intended to placate the Labour party. It embodies some of the principal reforms contained in the conventions adopted by International Labour Conferences, and it will enable the Government to ratify these conventions. Amongst other things, it provides that every industrial worker shall have

six consecutive days' holiday with pay every year, in addition to the usual public holidays. It lays down for industrial workers a maximum forty-eight-hour week, with a forty-hour maximum for young persons, and provides that a reduction of hours worked is not to involve a reduction in wages. Night work is to be prohibited for women in industry, and to be allowed for men only when they are on continuous process shift work, in which case a thirty-six-hour week of four nine-hour shifts will be permissible. Overtime and Sunday work are to be closely regulated. The Minister will be empowered to give statutory effect to collective agreements. None of these proposals is exactly novel, but the Bill breaks fresh ground by giving the Government power to make regulations prohibiting the employment of women or juveniles in any industry, and to fix the proportion of women to men, and juveniles to adults, in any specified kind of industrial work. No sensible employer will object to these provisions if they are administered in a reasonable manner with regard to local conditions and to the requirements of different industries. It is interesting to note that the Government and the Opposition found themselves for once agreed in resisting Labour amendments of a radical kind. As a result of the Government's economic policy, there has been a fall in wages and a serious decline in the purchasing power of money. The cost of living has undoubtedly increased, and a pound in the Free State is now worth about fourteen shillings in purchasing power as compared with Great Britain. The number of unemployed now stands at over 130,000, or 40,000 more than the figure for this time last year.

In his budget speech Mr. MacEntee announced that in December next the Government proposed to redeem and convert the First National Loan, and he appealed to all parties to co-operate in making this operation a success; for it would mark, he said, a turning point in the financial history of the State. If successful, it would benefit the entire community, and place our national credit as high as

in Europe. Its success will, however, largely depend he policy that the Government pursues between now December with regard to the maintenance of law and r and the preservation of financial stability. In this ection Mr. E. Stevenson, the President of the Asso- on of Free State Chambers of Commerce, recently nded us that it was essential to keep our unit of value, our standard of value as well, identical with those of people with whom we do most business. He quoted approval the statement of Professor Parker Willis, the nguished American economist, who was Chairman of irst Free State Banking Commission, that nothing is so rbing to trade, and so great a hindrance to success in nporting and exporting, as the existence of a varying unit, ne development of an exchange premium or discount the currency unit of a given country. We are, so far, inately free from any such condition ; for our unit and lard of value are identical with those of Great Britain, whom we still continue, and must continue, to do most ir business.

eaking in the debate on the budget resolutions, on 21, Mr. de Valera admitted that the Free State Gov- ient could not prevent the British Government from cting the land annuities—which, he said, were being n from us—and that we were buying more goods from t Britain than any other country in the world, because ited us, and because we got better value there than here. From a fighting point of view, he said, the rnment recognised they were in a weaker position than t Britain ; but if the Irish people wanted to make a settlement by a surrender of the national position then must get another Government. They were engaged, lded, in what was really a very difficult struggle, not lifficult because it was going on silently. Mr. Mac- e, in concluding his budget speech, claimed that while nations were spending millions on buying tanks, lanes, and gas masks, we were spending to grow wheat,

to make sugar, and to win turf. He conveniently forgot to mention that we were also spending millions to wage the silent and senseless struggle to which Mr. de Valera referred, a struggle which is slowly but surely destroying our agricultural industry—the basis of our national prosperity. Fortunately, or perhaps, in one sense, unfortunately, it takes a long time to bankrupt a country as rich as this country was when Mr. de Valera took office. On the other hand, the smash, if and when it comes, may well be irremediable. A silent struggle frequently ends in an explosion.

II. The By-Elections

FOR the first time since the last general election two by-elections have given the electors a chance of expressing their feelings. These elections took place in Galway and County Dublin during June, and occurred owing to the deaths of two members of the United Ireland party, Mr. Martin MacDonagh, T.D., one of the most enterprising business men in the west of Ireland, and Mr. Batt O'Connor, T.D., who was one of Michael Collins's right-hand men during the Anglo-Irish hostilities. At the general election the Government had a large majority in Galway, and the United Ireland party a large majority in County Dublin, so that, on a straight vote, such as takes place in a by-election under proportional representation, it was clear, as proved to be the case, that each party would win one seat. The candidates in Galway were Mr. E. Corbett, the chairman of the County Council, for the Government, and Mr. Thomas MacDonagh, a brother of the deceased deputy, for the United Ireland party. In County Dublin the Government candidate was a local primary school teacher, Mr. Thomas Mullen, and the United Ireland candidate was Mr. Cecil Lavery, K.C., one of the most able and brilliant members of the Irish Bar. In County Dublin, Mr. Lavery, on a reduced poll, increased the United Ireland

majority by 4,343 votes in a constituency which has gained more and suffered less from the Government's policy than other parts of the country; for the effects of the "economic war" have touched Dublin slightly, and most of the new factories have been erected in this area. In County Galway, also on a reduced poll, the United Ireland party retained its position, whilst the Government candidate lost no fewer than 11,000 votes. Galway, unlike Dublin, is a poor rural constituency, so that in these two very dissimilar places in different parts of the country the Government's appeal for an overwhelming vote of confidence has, to say the least of it, met with a very dispiriting reply.

If these results reflect the general attitude of the country, then the Government could hardly count on winning a general election. But since the outstanding feature of both elections was the complete apathy of the electorate, it would be very unwise to draw general conclusions from them. It is, apparently, only in a general election that interest is sufficiently stimulated to secure conclusive results. The net effect, however, of the two elections is that the Government gains a seat in the Dail, and now has a clear majority, excluding the Speaker, of two over all other parties. One may, perhaps, best summarise the effect of both these elections in the pungent comment of *Dublin Opinion*, our amusing and impartial humorous journal, that "The Old Lady says Yes and No." Although the Sinn Fein party —which is, in effect, the political wing of the I.R.A.— announced that it was going to contest both elections, it finally did not put forward candidates, and advised its supporters to abstain from voting. There can be little doubt that discretion in this instance was the better part of valour, for in neither constituency would Sinn Fein have done more than reveal the small number of its supporters. The election oratory was neither interesting nor inspiring and was principally devoted to a discussion of the legal aspects of the land annuity dispute, which had been initiated by Mr. de Valera in a denunciation of the so-called

"secret agreement" of 1923 between the Irish and British Governments.

Agreements of more recent date have recently been *discussed in the Dail, owing to the disclosure made by Mr. McGilligan, T.D., that a gold-mining concession in County Wicklow had been granted to two members of the* Government party, Senator Michael Comyn, K.C., the vice-chairman of the Senate, and Mr. Robert Briscoe, T.D., who, he alleged, had subsequently disposed of the same to a London company, on terms very profitable to themselves. The entire transaction, he stated, involved 2,982 acres and the foreshore of Arklow, and meant that for merely bringing the parties together these two individuals would get shares to the amount of £12,000 in a new company with a capital of £80,000, together with a refund of anything that they would have to pay to the State. He implied that such a concession, made under conditions of secrecy at a time when the Minister for Commerce was aware that other parties were seeking the same rights on terms more advantageous to the State, was improper. The sensation caused by these statements was so considerable that the Government felt constrained to move for the appointment of a Select Committee to inquire into the whole transaction. In proposing this step, Mr. Lemass, the Minister for Industry and Commerce, complained strongly that Mr. McGilligan had made insinuations rather than allegations, and stated that the lease in question was issued in strict accordance with the Mines and Minerals Act, which was passed in 1931, when Mr. McGilligan himself was Minister for Commerce. When the Committee of Selection met, the Government majority, by a party vote, excluded Mr. McGilligan from the Select Committee, on the grounds that he was the accuser in the matter, and they subsequently took the same course in the Dail. This is a direct departure from the practice which permits each party to nominate its own representatives on such committees, and will, undoubtedly, create prejudice concerning its findings.

In spite of these signs of personal bitterness, it must be said that, on the whole, there is a marked improvement in the relations between the Government and the Opposition. During the recent visit of Mr. Lyons, the Australian Prime Minister, to Dublin, prominent members of the Opposition attended the official banquet in his honour. This is the first time such invitations have been given and accepted. Moreover, after the introduction of the budget, leading politicians of all parties were, for the first time, given an opportunity of broadcasting their views on the subject. This is all to the good.

Another item of political interest is the report of the Irish Press Ltd., Mr. de. Valera's paper, for the year 1934, which shows that the loss on working for that period was £12,616. This compares with a loss of £20,696 for the previous year, and with one of £59,387 for the first sixteen months' working of the paper. The detailed figures reveal the ominous fact that, as compared with 1933, the revenue of the paper fell by £25,504, and the working expenses were reduced by £31,957. The repayment of the American loan* to the Free State may enable Mr. de Valera, out of the considerable portion thereof assigned to him by some of the American subscribers for political purposes, to prevent, or at least postpone, the logical result of these figures.

III. The Home Front

BUT if the "economic war" is a silent struggle in its external aspects, this description certainly does not apply to events on the home front. Large numbers of farmers have failed to pay their land annuities, alleging that it is impossible for them to do so in existing circumstances. This default has been greatest in County Cork, where the United Ireland party is strongest. Early in May the special force of bailiffs and detectives, which had been operating as

* See The Round Table, No. 92, September 1933, p. 876.

a "flying squad" in other counties, descended on Cork, and established their headquarters in the old military barracks at Fermoy. From this base they send out what can only be described as raiding parties in motor cars and trucks, heavily armed with machine guns, rifles, and revolvers, who descend on the defaulting farmers, seize their cattle, motor cars, and other chattels, and subsequently sell them at Fermoy to government bidders or agents at ridiculously low prices. These cattle are then removed to Great Britain or Northern Ireland, under special escort, and there sold at their full value. In many cases, however, their owners have bought them in for the amount due.

It was impossible for the farmers to try conclusions with these heavily armed forces, or to interfere with their operations, but unfortunately some of their number have sought other means of showing their resentment. On May 2 an attempt was made to burn down the house of Mr. Patrick Murphy, T.D., near Mitchelstown, County Cork. Mr. Murphy, who is a solicitor and a member of the Government party, Fianna Fail, was in Dublin, attending to his parliamentary duties, when the outrage was committed. Armed and disguised men entered the house at one o'clock in the morning, removed Mrs. Murphy, the children, and servants, and, after placing straw saturated with petrol in the premises, set them on fire. Fortunately, the neighbours helped to put out the flames eventually, and although considerable damage was done the house was saved from total destruction. Subsequently, Mr. John L. Sullivan, who is director of the League of Youth, the Blueshirt organisation, in West Cork, and a member of the National Executive of the United Ireland party, was convicted by the Military Tribunal of having taken part in this outrage, and sentenced to five years' penal servitude. Evidence was also given before the Tribunal that an attempt to burn the house of Mr. Martin Corry, T.D., another member of the Government party, was under consideration, but failed to materialise. On June 10, near Kanturk, in the same county, nine cattle

belonging to Mr. Timothy Guiney, a prominent Fianna Fail member of the County Council, were fired on with shotguns at close range, and as a result two were killed and three had to be destroyed later. At the same time the telephone and telegraph wires in this district were cut.

On May 22 the proceedings in the Dail, during a debate on the Dairy Produce Bill, were interrupted for five minutes by six people who, from the public gallery, shouted such remarks as: "Give us back our cows," "What about the people who are starving?" and "Take back your bailiffs from Cork." The interrupters subsequently informed the press that they had come from County Cork to make a protest to the Cork deputies against the seizures of their cattle, and that they had had no intention of interrupting the proceedings until they listened to a speech from Deputy Corry, one of the militant members of the Government party, and heard the attitude he took up. They spoke for themselves and others whose farming business had been ruined. One man had 18 cows seized and sold for a £38 decree; another had 34 beasts seized for £60, and the spokesman had five cows and four other cattle seized for £24. Five young cows were taken, and he was left with four old ones. He stated he had no means of buying them back or replacing them, and he had a wife and five children to provide for. Hundreds of cases of a similar kind could be cited, and the farmers believe, rightly or wrongly, that the Government forces are deliberately singling out their political opponents for this punishment. Deputy Dillon recently stated in the Dail that 80 cows, sold after a seizure for £90, were ultimately taken to Northern Ireland and re-sold for £725. There are believed to be many cases of this kind, and the public are naturally asking who gets the profit.

In the poor mountainous areas of Kerry and Cork the small farmers are finding it very hard to make ends meet, and in some cases the necessaries of life can scarcely be procured. Many farmers in these districts did not sow any

oats this year, as they were unable to purchase the seed. Farm labourers in some parts of these counties are receiving only ten shillings a week cash wages this year, as compared with twenty shillings in 1931. The drawback to the government schemes for growing wheat and beet to replace cattle-raising is that the soil becomes exhausted with rapid production, and requires rest and renewal, which can only be given by a return to grass and cattle. In other words, mixed farming is essential. Moreover, the extent to which tillage can be increased by the demand of the home market is extremely limited, and there is no other market available. The farmers have also shown their resentment towards the Government's policy by boycotting the Cork Agricultural Show and similar functions, on the grounds that there is no use in raising pedigree cattle or improving their stock under existing conditions.

The Most Reverend Dr. Cohalan, the Catholic Bishop of Cork, in a series of extremely outspoken addresses, has recently commented strongly on the farmers' plight. Speaking at a religious ceremony in Ballincollig parish church on June 5, he said that two years ago he had expressed his sympathy with the whole rural community, farmers and farm labourers, and their condition, if anything, had since grown worse. It was heartbreaking to one who remembered the land war, when the landlords were supported with all the might of England, to see re-introduced into the Free State the English methods of fifty or sixty years ago. At that time, said the bishop, "suspects" were arrested and lodged in gaol without trial; there were innumerable seizures; the tribe of "emergency men" appeared, who bought at a nominal price, and made a small fortune on the re-sale of animals that regular buyers would not touch. Now they had it all back again. He said he was not talking politics, nor for or against any political party. He was speaking in the interest of morals. He saw the country becoming torn by political hatreds. He saw class war and faction war. The suspicions of the people

were as bad, as prejudicial to charity, as real facts. It was widely asserted that the agents of the Government—without authority from the Government, he was sure—discriminated in the matter of seizures on account of unpaid rates and annuities between their political friends and opponents. It was a duty for both Government and farmers to put an end to the present war. The Government should consider the position of the farmers, and the farmers should pay their rates and annuities if they could.

On another occasion the bishop declared that the shooting of Michael Lynch by the armed detectives in the fracas at Cork in August, 1934,* had exasperated a multitude of young men and had generated crime. That shooting, he said, was wrong, and the Government should make reparation to Lynch's parents. These statements, publicly made by a leading member of the episcopacy who has no political axe to grind, indicate quite clearly the grave nature of the present situation, and the possibility of more serious developments, if it continues indefinitely. On July 12 a well-organised crowd of farmers' wives and daughters attacked the Civic Guards at Fermoy outside the pound where the cattle were being sold, and a fierce hand-to-hand conflict raged for two hours, after which the women marched in procession through the town. The political leaders of the Opposition have quite properly condemned the outrages that have taken place, and admit that the Government is entitled to continue collecting the land annuities if it sees fit, but they point out that it is wrong to administer the law in a violent, punitive, and unduly oppressive manner, without regard to the farmers' capacity to pay. Such a policy will, they believe, develop a spirit of bitterness which can only result in serious damage to the nation.

Meantime the I.R.A. continue to attack the Government on the other flank. As most of their leaders are now in gaol, their activities seem to be somewhat curtailed, but during the last few months faint-hearted attacks have been

* See The Round Table, No. 97, December 1934, p. 157.

made on Civic Guards' barracks in a few places. Their newspaper, *An Poblacht*, has been suppressed and censored so often that it has now ceased to appear. No doubt it will shortly be revived in some other guise. During the annual celebrations at Wolfe Tone's grave the I.R.A. and the communist faction of the extreme republican party came to blows in an unseemly fashion because the latter body insisted on carrying a red banner. During the mêlée the poles supporting the banner were broken and used as weapons in the fray, two men being injured. The communists, who apparently got the worst of the encounter, subsequently denounced the "Hitlerite" conduct of their opponents.

A rather amusing situation recently arose concerning Mr. Tom Barry, a prominent southern leader of the I.R.A., who is at present serving a sentence of six months' imprisonment for his republican activities. Mr. Frank Aiken, the Minister of Defence, having reflected on Mr. Barry's martial prowess during the civil war, Mr. Barry demanded to be released on parole to answer the charge, and on obtaining his freedom managed to prolong the correspondence, and his liberty, for several weeks. It must be confessed, however, that few people are interested in these gentlemen's rather indiscreet revelations concerning their past activities.

General O'Duffy has also contributed to the gaiety of the nation by announcing a new political programme, which promises something to everyone and everything to everybody. It is to be feared that the General has no sense of the ridiculous, or he would not at this hour of the day proclaim himself a better republican than Mr. de Valera. After all, it is still true that one cannot fool all the people all the time. His "National Corporate Party," which promises, amongst other things, to abolish party politics, create a vocational government, oppose communism, capitalism, dictatorship, and interference with individual liberty, and establish a régime of social justice for every class and section in an all-Ireland Corporate State on a

republican basis, can only be looked on as a rather poor political joke.

Mr. de Valera's reactions to these events are indicated in a speech that he made at Ennis on June 30. What they wanted, he said, was to find some basis on which they could *get united national action, and he claimed that Fianna Fail had given that basis to the country. If there was no* oath, and nothing to prevent any section of the people from electing representatives to the Dail, then the obvious way to secure unity was to accept the principle that the majority of the nation's representatives should decide for the time being what the national policy was to be. For years Fianna Fail was prevented from doing that, but now the oath had gone; every section was free to put forward its programme to the people, and if it secured a majority all the administrative machinery and resources of the nation would be under its control to pursue its policy. No other basis for unity could be found. A short time ago, he said, he received a resolution from the Clare County Council, asking the Government to remove Article 2a of the Constitution, which created the Military Tribunal. Was there anybody who thought the Government wanted that Article in operation if they could do without it? It was in operation simply because machinery was needed to preserve for the people the order and peace that were necessary for the nation if there was to be any real progress. There was no country in which it was easier for anybody who had a democratic programme to put it before the people. Why, then, should anybody resort to arms? The Government had been elected by the Irish people, and they would hand back to their successors the democratic institutions they had received.

Referring to the Blueshirt movement, he said they were threatened with an artificial movement, based on happenings in other countries, and aiming at some form of dictatorship. It was to meet that menace that they revived Article 2a of the Constitution. There was no other machi-

nery by which they could keep the peace. The Article had to operate impartially in all directions. The Government alone must be responsible for the defence of the country. He asked the young men not to allow themselves to be led into positions that would ultimately conflict with their conscience. They could not possibly succeed by these methods. He hoped that before the present Government left office they would have a constitution that was Irish from top to bottom, but he was sorry to say it would have to contain emergency provisions for dealing with armed conspiracies of that kind. Fianna Fail, at any rate, believed that democracy was the best form of government, and they were not going to stand for a dictatorship from the Left or the Right. One may, perhaps, be permitted to regret that Mr. de Valera did not act on these admirable principles in 1922; for had he done so the country would have been saved from the civil war and all its terrible results.

Fortunately for the Government, one of their most serious difficulties has been removed by the settlement of the Dublin tram and bus strike, which took place on May 20, the seventy-sixth day of this unfortunate dispute. The men then decided, by a big majority, to accept the terms of settlement suggested by the Ministry for Industry and Commerce, which embodied wage increases ranging from 2s. 6d. to one guinea a week, and arranged for the establishment of a conciliation board. The settlement provides that no further stoppage or strike can take place for eighteen months from the resumption of the services. It was obvious from the first that the dispute was really one for an increase of wages, and why two months and a half were wasted before this was discovered it is difficult to understand. The only net gain is that the citizens of Dublin have learned to use their legs, a result which neither party to this senseless dispute appears to have contemplated.

The disgraceful religious disturbances which started in Belfast on July 12 have unfortunately had repercussions

in the Free State. On July 20 a mob in Limerick broke windows in the houses of Protestant clergymen and Protestant shops. About the same time a Masonic hall was burnt in Clones, County Monaghan, and a Protestant church in Killmallock, County Limerick. Labourers also refused to handle the cargoes of Belfast ships at several ports. It is easy to understand but impossible to justify conduct of this kind. If it is persisted in it will destroy our reputation for fair play towards the Protestant community in the Free State. It is, however, universally condemned. The services of that community to Ireland are well exemplified in the life of Dr. George Russell, better known as "Æ," patriot, poet, painter, and philosopher, whose death has left a serious and indeed irreparable gap in Irish life. His lifelong and unselfish devotion to the service of our literature, art, and agriculture will long be remembered by his fellow countrymen.

IV. The Privy Council Decision

THE decision of the Judicial Committee of the Privy Council,* delivered on June 6, that the Constitution (Amendment No. 22) Act 1933, which abolished the right of appeal from the Supreme Court of the Irish Free State to the Judicial Committee, as provided in the Treaty of 1921 and in the Free State Constitution, is valid, is one of considerable importance, and may have far-reaching effects on the relations between Great Britain and the Irish Free State. In its own way it is, perhaps, as momentous as the recent decision of the United States Supreme Court upsetting Mr. Roosevelt's industrial legislation. Its effect, as the Lord Chancellor pointed out in his judgment, is that the Statute of Westminster gave the Irish Free State the legislative power to abrogate or repeal the Treaty of 1921,

* Moore and Others *v.* Attorney-General for the Irish Free State and Others. *Times* Law Report, June 6. See The Round Table, No. 96, September 1934, p. 838; and No. 98, March 1935, p. 383.

and that, as a matter of law, they have availed themselves of that power. This power, according to the Judicial Committee, flows from the fact that the Treaty and the Free State Constitution form part of the statute law of the United Kingdom, which the Statute of Westminster gave the Irish Free State legislature power to upset. The abolition of the oath of allegiance and the other alterations that have been made recently in the Constitution by the Free State legislature are therefore legal and valid.

It follows that the Free State legislature can, by unilateral action, further modify and alter the Treaty if it desires to do so. The exact point to which this modification or alteration can be carried is not quite so clear. Of the eighteen Articles contained in the Treaty it may be said that eight—namely, those dealing with liability for the public debt of the United Kingdom, the exclusion of Northern Ireland, the setting up of a provisional government in the Free State, and the ratification of the Treaty—have expired, or have been abrogated by express agreement between the parties; and that, of the remaining ten, six imposed upon one or both of the parties certain specific contractual obligations concerning defence, compensation of officials, and religious liberty, whilst the remaining four defined the legal and constitutional powers of the Irish Free State and its Parliament. It would seem, therefore, that the exercise by the Free State legislature of a sovereign right expressly guaranteed by the Statute of Westminster must be carefully distinguished from a denunciation of the international or inter-imperial undertakings given in the Treaty concerning defence, compensation, and religious liberty. These undertakings, as far as defence is concerned, comprise an agreement by Great Britain to undertake the coastal defence of Ireland pending an arrangement to the contrary, and an agreement by the Free State not to maintain an army greater in proportion to its population than Great Britain's, and to afford the latter in time of peace certain prescribed defence facilities, and in time of war or

of strained relations with a foreign Power such defence facilities as may be required, the ports of each country to be freely open to the ships of the other on the payment of the customary dues. These undertakings remain as part of an international agreement, and, no doubt, it was to them that the Lord Chancellor referred in a rather obscure passage of his judgment when he said the Committee were expressing no opinion upon any contractual obligation under which, regard being had to the terms of the Treaty, the Irish Free State lay.

That this point is one of vital importance is obvious. Speaking during the Dublin by-election on June 6, Mr. de Valera said that a free Ireland in times of common risk could be for Great Britain only a friendly Ireland; an Ireland in subjection could only be a hostile Ireland. He then referred to the defence provisions of the Treaty, and said that nothing so much menaced good relations with Great Britain. Were any British Government to make the demands indicated in Article 7 of the Treaty for defence facilities in time of war, no Irish Government could accede to them and hope to retain for one moment the confidence of the people. He knew nothing more urgent than that there should be a proper understanding between Great Britain and themselves on that matter. The Irish people did not want to be dragged into any European or other wars, but they would be prepared to strain themselves to the utmost to defend their own territory, and to see that no nation suffered because of their freedom. It was, he said, to prepare for such an emergency that their Volunteer Force was established.

As it is clear that the Treaty, in spite of the Privy Council decision, remains valid in respect of these matters, until denounced or altered by mutual consent, it is certainly desirable that their exact implications should be fully and frankly discussed by the two Governments concerned, with the object of arriving at a *modus vivendi.* There is no doubt that Mr. de Valera is quite sincere in

his assurance that our territory will never be permitted to be used as a base for attack on Great Britain, and this ought to furnish a definite basis for agreement. The effect of the Privy Council decision is to make it clear that the Statute of Westminster removed all restrictions on the legislative powers of the Free State, and placed its parliament in possession of similar powers to those enjoyed by the British parliament as regards the United Kingdom. It does not, however, appear to affect the validity of the Treaty as an international or inter-imperial compact.

The Free State legislature can now, apparently, abolish the office of Governor-General, and this Mr. de Valera has recently announced he intends to do in the near future. But, when Mr. MacDermot asked him in the Dail, on June 4, whether he aimed at separating the twenty-six counties of the Free State from the Commonwealth, he said he was not such a fool as to reply yes or no. He added that the people knew perfectly well that the Government were not going to declare a republic during their present period of office. As Mr. Thomas, the Dominions Secretary, stated in the House of Commons on June 20, the real difference between the Free State and Great Britain is not only economic, but political; in fact, one might add, it is far more political than economic, for the economic difficulties would soon adjust themselves if the political were removed. The Privy Council decision enables the British Government to admit that the constitutional changes made by Mr. de Valera's Government are legal and valid, and so greatly reduces the questions in dispute. It does not, however, seem to alter the position as regards the land annuities; for the British Government claim these payments by virtue of the agreements arrived at with Mr. Cosgrave's Government, and not by virtue of the Treaty.

There remains the question of what would be the position if Mr. de Valera denounced the entire Treaty. Would the Free State then become absolutely independent? To answer that question one must first decide the vexed

question whether the Treaty is an international or a domestic document. If it is merely a domestic arrangement between two parts of the British Commonwealth, implemented by an Act of the British Parliament, as the Judicial Committee has now decided, then, of course, the abrogation of the Treaty would not release us from our allegiance to the King, however attenuated. If, on the other hand, it is an international document, made between two equal States, as Mr. Cosgrave's Government always contended, then its denunciation would undoubtedly mean that we would become an entirely independent State, with full power to decide our future form of government. On the other hand, if it is an international treaty, unless it were denounced or repudiated in breach of international law, it could only be altered with the consent of both Governments, and not by unilateral action. It is ironical to reflect that a decision of the Judicial Committee that the Treaty exists only by virtue of a British statute has practically destroyed its validity, whereas the contrary opinion of many Irish statesmen that it is an international instrument equally binding on both parties and only alterable by mutual consent would have preserved it in its integrity. It would appear, however, that whilst the Free State legislature, under the powers given by the Statute of Westminster, can virtually repeal the Treaty, it cannot legally terminate our connection with the Crown without the King's assent; for to do so would be to secede from the British Commonwealth and to commit a revolutionary act, not a legitimate exercise of legislative power.

Mr. Lemass, the Minister for Industry and Commerce, speaking at a luncheon in Dublin on July 1, expressed the hope that an early solution to the problem of the "economic war" would be found, and added that temporary difficulties might have arisen "but would soon be removed." The Government would lose no opportunity to secure an agreement favourable to the Free State. Mr. MacEntee, the Minister for Finance, has since made a similar kind of

statement in the Senate. This kind of politico-economic couéism leads nowhere. The fact is that the two Governments are no nearer real agreement than they were at the beginning of the dispute. Both seem to act in sublime disregard of things as they are, on the assumption that by doing so they can make them what they would like them to be. Mr. Thomas, in his own clumsy way, was nearer to realities when he informed the House of Commons, on July 10, that no possible British Government could agree to Mr. de Valera's proposal for "external association," under which the Free State would become an independent republic in close alliance with the British Commonwealth. Speaking for the Government, he said they were not going to be a party to—and would take every step they could to prevent—the Free State's going out of the British Commonwealth. Anxious as they were to be friends, there were certain fundamental facts to be faced, such as the oath of allegiance, the position of the Governor-General, and the description of the King by Mr. de Valera as "a foreign King." He also revealed that at Ottawa the British Government had suggested that the matters in dispute should be referred to a Commonwealth Arbitration Tribunal, on which neither the British nor the Free State Government would be represented. Writing afterwards to Mr. Frank MacDermot, T.D., Mr. Thomas stated that the suggestion that he advocated the use of force against the Free State was entirely inconsistent with the whole trend of his speech. It is greatly to be regretted that he seems incapable of dealing clearly with the matter, and that his speeches only make confusion worse confounded. At all events, the present deadlock shows no sign of ending in the immediate future. To the outside world it must already appear somewhat *démodé*, if not absurd; but for us it is fast becoming tragic.

The Irish Free State.
August, 1935.

GREAT BRITAIN

I. Mr. Lloyd George's Schemes

BEFORE the general election of 1929, Mr. Lloyd George published *How to Conquer Unemployment.* Perhaps it was as well for him that he was not given an opportunity of putting his programme to the test; for so overwhelming was the tide of world depression for three years thereafter that no purely national efforts to counter it could, it seems, have prevailed. To-day, as another general election approaches, although the economic tide has turned in this country and unemployment has fallen by a great deal in the last two years, it nevertheless remains greater than in 1929, when it was recognised as the major election issue. Mr. Lloyd George thus finds public opinion ready with sympathy for bold and imaginative plans for solving the unemployment problem, and he has seized the opportunity with both hands.

The last issue of The Round Table* recorded his submission to the Cabinet of a memorandum containing his proposals. After protracted discussions between their author and a Cabinet committee, these proposals were published on July 16 under the title *Organizing Prosperity* It was impossible not to feel disappointed in a document that had been so much talked of. Judging by its frequent resort to generalities and its lack of detail on certain practical points, the memorandum seems to have been written more as a manifesto for the public than as a blueprint of policy for the Government. Thus we read, for instance,

> There is unlimited room for the expansion of international trade in the vast territories of Russia and China. . . .

* See The Round Table, No. 99, June 1935, p. 576.

And again,

> It is reasonable to suppose that a skilful and firm handling of fiscal negotiations with other countries could be made fruitful of reduced tariff barriers and better openings for trade.

These initial comments are not put forward in criticism of the more definite elements of Mr. Lloyd George's programme but rather in order to show that by those elements, extracted from the rhetoric that surrounds them, must his programme stand or fall.

The gist of his plan is this. The Government should set up a permanent National Development Board, responsible to the Cabinet but independent of changes in the party in power. The Board's duty should be to survey the economic resources and potentialities of the country and report on practicable developments which would increase employment and enhance national prosperity; to prepare plans for land development, industrial organisation, improvement of the nation's services and amenities; to "consider the application of the national credit with a view to the proper financing of the programmes it proposes to carry out." The Board, adds Mr. Lloyd George, "would be there to get things done." The existing Cabinet, an assembly of Ministers immersed in departmental affairs, would have to be replaced by a Cabinet of five or six, including the Prime Minister and the Chancellor of the Exchequer, the remaining members being Ministers without departmental duties.

In later chapters of the memorandum Mr. Lloyd George outlines in varying detail some of the forms of development and expenditure that he believes likely to be approved. There is housing; "upwards of two million additional dwellings ought to be provided for the nation within the next few years." Housing plans should be directed, among other aims, to accommodating the urban population more healthily in suburbs and satellite towns; and under the same head of regional development come the construction and improvement of roads, the provision of

water supply and other amenities and services. "*Far-reaching* reforms of our road construction are needed with an urgency that cannot be overstated." The memorandum, after describing the general improvements required, mentions a number of major projects, such as the Charing Cross bridge, the Cromwell Road extension, and the Severn bridge. Cheaper and more rapid transport should be developed between the cities and their suburbs and satellite communities. Financial help should be furnished, maybe under the Trade Facilities Acts, towards suburban electrification and reform of the structure and use of rolling stock. More air ports must be constructed and a better imperial air service fostered. "Canals could be made far more valuable to the public service, and certain new canals might with value be constructed." Ports and harbours should be improved. The modernisation and expansion of the telephone service that have already been carried through come in for praise, but more could be done, especially in extending telephone facilities in rural districts. "There would appear to be a strong case for proceeding to organise a unified system of the retail distribution of electricity—a step forward which would bring the great advantage of enabling the nation's electrical service, like its postal service, to introduce a uniform charge throughout the country."

When he turns from services to other industries, Mr. Lloyd George is on more difficult ground. For coal there is a definite programme

(i) The nationalisation of all mining royalties, at a fair valuation.

(ii) The extension of the powers of regional Statutory Boards to control the distribution of coal produced in each area.

(iii) The regional Statutory Boards to devise methods of facilitating the concentration of output within each district.

(iv) The more vigorous examination of the scientific utilisation of coal and its by-products.

(v) The revision of railway charges in order to enable coal to enter the export market at a more competitive price. . . .

(vi) The achievement of greater economy in coal transport by the pooling of wagons.

An iron and steel board, to be set up under the National Development Board, would have to decide on the best places to locate modern iron and steel plants and on the extent to which existing out-of-date plant should be scrapped. The National Board would have to provide the requisite finance. The cotton industry also, according to the memorandum, needs a controlling authority to co-ordinate its efforts and to provide the necessary finance for its re-equipment. A policy of maximum efficiency in merchant shipping "involves a scrapping of uneconomic ships and the renewing of a proportion of our mercantile marine, for which the necessary capital can hardly be provided by the industry itself." As new industries arise, the Development Board must encourage them to

> establish themselves in districts where they will best contribute to reducing our unemployment problem, and it should be prepared to further this process by assisting them on approved lines to obtain the capital they will require for setting up their works.

Naturally Mr. Lloyd George seeks to forestall the criticism that the money cannot be found for all these plans. Using the figures of new capital issues and of idle bank deposits he comes to the conclusion that

> on a conservative estimate there are £200 million a year of national savings available in this country for sound and useful investment, which are to-day being largely sterilised for lack of an outlet. . . . And, meanwhile, the State itself is expending yearly a sum equivalent to the income on a capital of nearly £3,500 million in order to finance, not industry, but idleness.

This latter argument is used partly to answer the question, how the Treasury, as distinct from the nation, is to find the money. Its force will obviously vary with the extent to which the desiderated policies would absorb unemployment, on which point Mr. Lloyd George is more optimistic than most of us would probably feel inclined to be. He also writes of ensuring that the local authorities gain a

proper share of the increased site values created by publicly financed improvement schemes, and he presses for the conservation of the Road Fund for the specific purposes it was originally intended to meet—a policy which, by the way, would to an equal extent weaken the general resources of the Exchequer.

But the key to Mr. Lloyd George's policy, as he himself would admit, is in his plans for the development of agriculture. These include the reclamation of waste lands; the reconditioning of land by drainage, by liming and the provision of fertilisers; the repair or replacement of farm buildings and equipment; the provision of rural housing, rural roads and rural amenities; the stimulation of country industries—all with the aid of government assistance or government guarantees of credit. Increased employment on the land is to be sought in the greater demand for labour on existing farms, in the creation of small holdings (including family farms, market gardens and poultry farms), in the work of afforestation. "The aim ought to be in course of years to settle an additional 500,000 on the land, either on family farms, market gardens or poultry runs." Later Mr. Lloyd George speaks of still another half-million people drawn into the countryside to engage in the trades and services that meet the needs of the village population, and in occupations ancillary to agriculture.

The scope of these ambitions is plainly stupendous, and the first question that springs to the mind is, where are markets to be found. To this Mr. Lloyd George has a double answer.

> So far as a market for increased output from our soil is concerned, we are to-day buying from abroad not far short of £200 million worth of foodstuffs of kinds which can be grown profitably in this country, even when cereals and sugar are excluded from the reckoning. Of raw wool, raw hides, timber and wood pulp—again of kinds that can be produced here—we import nearly £80 million worth. . . .
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> Indeed, the demand which could be fostered is even greater than these figures indicate. The measure of our present consumption is

far from being the limit of our potential market. Many people here are under-fed to-day, judged by every accepted standard of sufficient nourishment to sustain health and strength. The unemployed and the less well-paid wage-earners could all with advantage increase very considerably their consumption of foodstuffs. So they could of boot leather and woollen clothing.

In a speech at Cambridge on August 2 Mr. Lloyd George specified £80 million as the extent to which home agriculture could, with proper equipment and marketing, capture the market now filled by imported products, without putting up prices. Assuming that this means, roughly, £25 million as the extra net income of agriculturists (that is, after allowing for transport and distribution costs and all cash outlay at the farms), it would support an additional rural population of, say, half a million, men, women and children. But, as Mr. Lloyd George himself points out, "something like one-third of the total employment in this country has been dependent, directly or indirectly, upon the production and transportation of goods for oversea trade"; and how is oversea trade to be expanded if we buy £80 million less agricultural products from abroad? If Mr. Lloyd George's plan merely means £80 million less orders for our export industries, it can hardly be treated as a cure for unemployment.

Let us examine the other suggested source of an additional demand for the products of British agriculture, an improved standard of living. The increase in incomes must not arise, clearly, simply from an advance in the general level of prices, but must represent a rise in the aggregate *real* income of the community; nor must the added expenditure on food be merely a diversion of expenditure from other products, for that would merely redistribute, not lighten, the burden of unemployment. Now, for every £1 rise in real income ten shillings at most would be spent on food, and in existing circumstances a large proportion of it would inevitably come from abroad. Hence the real income of the community would have to increase by at least

£200 million if there were to be even a chance of creating sufficient new demand for British agricultural products to bring half a million people on the land. Such a rise in national income would in itself virtually solve the unemployment problem, quite apart from the increased agricultural employment. Hence whatever may be the intrinsic merits of Mr. Lloyd George's schemes, the scale of his expectations is optimistically inflated.

The Government's reply to his memorandum was cold and critical. The increased output of agriculture proposed, even if practicable, could not be secured unless the producer were offered a considerable increase of prices. A detailed estimate had been placed before Mr. Lloyd George showing that if £92 million a year of imported produce were to be replaced by home produce, the wholesale price of the foodstuffs concerned would inevitably rise by approximately £100 million. (It would be interesting to see the details on which this calculation was based.) The plan would gravely injure certain Empire countries, and, by hampering our export trade, create industrial unemployment. The effect of the rest of his proposals upon the volume of employment was highly speculative.

The plans, it is claimed, would bring unemployment substantially and promptly to an end. This claim seems, however, to be entirely out of relation to the actual proposals submitted.

The net employment value of the suggested public works schemes would prove small and slow in coming. Their effect would, moreover, be all the slower for the new administrative machinery proposed by Mr. Lloyd George. Capital expansion in industry would be held up if there were thought to be a chance of obtaining government assistance, so that the immediate effect might well be a diminution of the employment offering.

It seems to the Government to be a misconception to suppose that a vast quantity of hitherto undiscovered work capable of giving employment to large numbers of people lies waiting to be put in hand.

In the matter of housing, Mr. Lloyd George had made no mention of the progress already being effected under the present régime. Approximately a million new houses had been built in the four years ended March 31, 1935, and in the last of these years the number built was 327,000; thus Mr. Lloyd George's figure of two million houses would be achieved within a comparatively short period. The proposals for expenditure on roads and on railway electrification were either exaggerated or already part of official policy. The Government mentioned particularly the raising of £35,000,000 under Treasury guarantee for the electrification of London suburban railways and the extension of the underground system. For this scheme, recently announced, an interesting piece of financial machinery is to be employed. A public company with a nominal capital, controlled by the Treasury, has been formed, with powers to borrow under government guarantee up to £40,000,000, and to re-lend the money to the transport undertakings as and when it is required. The rate of interest charged will be the effective rate paid by the company on the bonds it issues. This device is being used primarily in order to save the railways the cost of raising money on the market in advance of their requirements, but it is an important precedent capable of being used as an engine of nationalisation and state capitalism. In the practice of socialism, though of course not in the theory, there is no great gulf fixed between the parties of Left and Right.

The Government were equally emphatic in their rejection of Mr. Lloyd George's proposals for new administrative machinery.

The plans, by their proposal to create a National Development Board' and a Cabinet of Ministers mostly without departmental responsibilities, would tend to divorce policy from administration, and would introduce into the present system of government a new advisory body which would be unable to enforce its own recommendations. So far from conducing to rapid action, these proposals would cause delay and confusion.

Although the Government expressed agreement with Mr. Lloyd George's general aim of reorganising and developing our national resources and improving our national conditions, in every field that he explored they claimed to have already taken action that had produced results wider, more comprehensive and more beneficial than any that his programme could effect.

It was doubtless passages of this kind, together with the fact that the Government took the opportunity to review the successes of their own economic policy in various fields, that inspired their critics to describe their reply as "complacent." This is certainly an unfair epithet if applied to the detail of the document, but the general effect that it left upon the reader was confessedly one of a relative contentment with present conditions that accords ill with the fact of two million unemployed. This impression was most unfortunate for the Government because, whatever else Mr. Lloyd George's campaign may have done, it has stirred the public conscience about the unemployment problem and stimulated the belief that a bolder policy is required than the Government have yet adopted.

II. The "Council of Action"

IN the middle of June there appeared a manifesto entitled "Peace and Reconstruction: A Call to Action," over the signature of a number of eminent Free Churchmen, as well as those of Mr. Lloyd George, Lord Snowden, Sir Walter Layton, Mr. G. N. Barnes, Lord Lothian, Sir Basil Blackett, Professor Gilbert Murray and others. Here are the key passages of the manifesto :—

Believing that war is contrary to the mind of Christ and is a crime against human brotherhood, believing too that the position of Great Britain gives to it an enormous influence and power of initiative in world affairs, we hold that the time has come for the British people, irrespective of party, to demand that the power of Britain shall be used positively and energetically to promote peace,

to prevent the alignment of nations in rival camps, and to arrest the present fatalistic drift towards war. . . .

The persistent and widespread shortage of opportunities for employment which dooms millions of our fellow-citizens to an existence of unwilling idleness upon a scanty allowance from public funds inflicts upon them an intolerable wrong. . . .

We therefore call upon the State to put forth a great effort of national reconstruction and to organise the full resources of our social and economic system for the revival of our industrial life and the provision of work on schemes of useful and necessary public development. . . .

"Lovers of peace" were called upon to give their support at the general election only to those candidates who pledged themselves to exact from the Government "the positive and courageous use of British initiative towards redressing injustices, economic and territorial, which breed the spirit of war," and to support energetically "practical measures of disarmament and the maintenance of peace through conciliation, arbitration and collective action within the League of Nations." Men and women of whatever party were also invited to secure at the general election the return of members "committed to insist on measures that will apply to the problem of unemployment remedies commensurate with the magnitude of its dangers to the moral and physical well-being of the community." Direct attack upon the Government there was none, but the implication of such phrases as "the present drift" was unmistakable. Mr. Neville Chamberlain referred in a public speech to criticism of the Government "half concealed in the guise of an appeal to Christian principles," which seemed to have "a flavour of the underhand." More searching was the criticism of a group of members of Parliament, who wrote :—

As to the ends to be attained there is general agreement. Disputes arise mainly as to the method of attaining them.

The manifesto had announced that a Council of Action for Peace and Reconstruction would be set up forthwith, and that for this purpose a convention of sympathisers

would be called in London on July 1 and 2. Before the convention met, it was conveyed to the press that plans were afoot to put up, if necessary, as many as 350 independent "Peace and Reconstruction" candidates at the general election to fight constituencies where answers from party candidates were unsatisfactory—an incident that resulted in the defection of four of the Free Church leaders.

The meeting to establish the Council of Action was almost wholly an assembly of the converted, but it was noteworthy that among those who spoke sympathetically were Mr. Lansbury and Sir Herbert Samuel, the leaders of the Labour and Liberal Oppositions, Lord Cecil, and Captain Harold Macmillan, perhaps the foremost of the "young Tory" group. Mr. A. C. Crossley, M.P. (Conservative), put the audience in a quandary when he asked: "If Italy enters Abyssinia, do you desire to go to war with Italy?"; for some cried "Yes" and others "No." When the details of means fall to be considered the unanimity of ends becomes less impressive. Nevertheless, an influential "Council of Action" has been set up, and it will certainly carry its campaign into the constituencies, though with what effect it is hard to foresee. The *Daily Herald* remarked with some justice that "when the signatories cut themselves off from party, they cut themselves off from the only instruments of effective parliamentary action."

III. The Depressed Areas

LABOUR not unnaturally regards itself as rightful heir to the benefits of such public disappointment and discontent as the Government has provoked. Undoubtedly the Government has to face a good deal of uneasiness among middle political opinion, a feeling not allayed by the reports of the Commissioners appointed to approve and carry out plans for ameliorating the condition of the population in the specially depressed areas.* At

* See The Round Table, No. 97, December, 1934, pp. 150-154.

the end of 1934, under a special Act of Parliament, two Commissioners, Sir Arthur Rose and Mr. Malcolm Stewart, were appointed for Scotland and for England and Wales respectively. They were to be unfettered by departmental routine, and were to spend at their discretion from a fund into which was paid an initial sum of two million pounds. Mr. Stewart, in his first report, written after six months' work, refers feelingly to the discrepancy between the Government's promise of wide and untrammelled powers and the many legal and administrative obstacles with which he was confronted under the actual terms of the Act. Thus he found himself debarred from giving any financial assistance to undertakings towards which Treasury grants might legally be paid, even though in practice they might not be attainable. Virtually the whole fields of education and housing, for instance, were thereby closed to him, although, in his words, "the overcrowding problem in the Special Areas in the north-east is acute, and there is a pressing need for more houses to be let at low rents." In spite of such handicaps, he had entered into commitments involving eventually an expenditure of over £2,000,000 from the fund, including £950,000 for works of public utility, £100,000 (estimated) for a housing society, and £800,000 for the settlement of unemployed men on the land. "Land settlement," declared Mr. Stewart, "is one of the most helpful methods which should be employed to reduce unemployment, but we shall be misled if we think that it can be effected quickly or on a large scale." Sir Arthur Rose reported that for the Scottish special area he had approved schemes involving commitments against the fund to a total of nearly three-quarters of a million.

The concluding section of Mr. Stewart's report contains many suggestions that drive deep into public policy on social and economic affairs. Of national capital works Mr. Stewart asks :—

Is there not a reasoned case for such expenditure on its merits apart from any question of relief to unemployment? Is there not

to-day the need for the creation of national physical assets to replace those inherited from the past, which are steadily declining in value as the advance of science and the increased knowledge of its application makes them daily more obsolete ?

Still more trenchant were the Commissioner's remarks on such long-term measures as limiting the labour force—the corollary of increasing mechanisation—by later entry into industry and earlier retirement, or by shorter working hours.

What real justification is there for employing raw youth and the aged when, between these extremes, there is a vast number of unemployed from sixteen years of age and upwards, single and married, daily seeking work ? The first step is to take those of from fourteen to sixteen years of age out of industry, making their employment illegal. What are we to do with them ? I do not suggest they should continue at school in the generally accepted sense. Those who show exceptional ability can take advantage of the opportunities offered by the secondary schools, but the remainder should be given a compulsory practical training : a system of general training should be devised to fit a boy for practical work in industry.

Shorter working hours could clearly contribute to the reduction of unemployment, though their effect would be much less than is usually anticipated, since every reduction would furnish an incentive to further mechanisation. The workers themselves, very reasonably, did not wish for any reduction below 48 hours a week at the price of their taking home less wages. Shorter working hours would have to be introduced one industry at a time ; and the industry must be sufficiently organised to be able to bind all its members. Mr. Stewart suggested that the manufacturers should bear one moiety of the wage-cost of shortening hours and that the Government should offer to bear the other over a period of, say, three years on a downward sliding scale. He also urged that an effort be made to see that all workers continuously in employment for one year with the same firm or company should have a week's holiday with pay.

All these proposals, together with others that there is

not room to mention here, require closer scrutiny, no doubt, than they could receive in an individual report of this kind. Nevertheless, associated as Mr. Stewart has associated them with the conscience-stirring problem of the distressed areas, they provoke still further the anxiety that is felt by members of all political parties for a more vigorous economic policy. If adopted by the Government as part of official policy, they would greatly narrow the gap between their own practical programme and that of the Opposition, and would take a good deal of wind out of the latter's sails. At present the latter stand to gain electorally, not only from the reaction from the crisis election of 1931, and from the inevitable discontent that grows among various groups against any Government that has been in office for four years, but also from the public desire, agitated though not created by Mr. Lloyd George and his Council of Action allies, for a bolder attempt to solve the problem of unemployment.

IV. The Electoral Outlook

THE general election, it is fairly clear, will be fought more upon policies for the future than upon achievements or failures of the past, although the contrast between the difficulties that the last Labour Government accumulated at the end of its term, and the economic recovery that the National Government can put to its credit, will not be forgotten. In a competition of promises, an Opposition has a great advantage over a sitting Government, and this fact alone will weight the scales in favour of the Left. The continuance of the present gigantic Conservative majority is in any case out of the question, and the main issues of interest are how far the swing will go and whether Mr. Lloyd George's campaign will succeed in reviving a substantial Middle bloc, inheriting the latter-day rôle—and perhaps the name—of the Liberal party. It is not impossible that the net result of his endeavours

will be to divide and thus to weaken the forces of the Left and Left Centre. Be that as it may, a swing of the parliamentary balance to the Left is the one certain result of the election, and on a first view the natural consequence would then appear to be a swing to the Left in the Government itself. But under a system of party majority government, the opposite outcome might emerge; for the safest Conservative seats are on the whole those held by the "safest" Conservatives, and those who would lose their seats would include a great many of the more radically minded "young Tories." Hence the centre of gravity of the Government might move in the opposite direction to the centre of gravity of the electorate and the House as a whole—unless, of course, the pendulum swung so far that a Labour Government was returned. Such an eventuality, though rendered less likely by the growing difficulties of the international situation, which dispose people against rash change at home, cannot be entirely ruled out. The Government received a remarkable reverse in July at a by-election in the West Toxteth division of Liverpool. Labour regained the seat, which they had lost to a Conservative in 1931, by a larger majority than they had had in 1929, though the poll was much smaller. The Conservative vote dropped by nearly 7,000 votes compared with 1929, and was less than half the 1931 figure.

The reorganisation of the Cabinet early in June has had in itself no obvious effect upon the prospects for the general election. Mr. Ramsay MacDonald and Mr. Baldwin exchanged the offices of Prime Minister and Lord President. The political effect of this key move has been to place a less tired leader at the head of the Government—a leader, moreover, with the confidence of the Conservative party—without seriously altering the balance of forces in the Cabinet. Of the remaining changes, the most important was the translation of Sir John Simon from the Foreign Office to the Home Office, making room for Sir Samuel Hoare, who is to be assisted by Mr. Anthony Eden

as Minister without Portfolio attached to the Foreign Office for League of Nations affairs. The broad result of a far-reaching "general post" is to keep the political complexion of the Government much as it was, though with a certain hint (in the appointment of the bold and energetic Sir Kingsley Wood to the Ministry of Health, and of Lord Eustace Percy as Minister without Portfolio) of an intention to "ginger up" economic policy.

The economic scene itself is definitely encouraging, not only to the Government, who can claim the credit at least for the general conditions under which such progress has been possible, but to all observers. At the end of July the unemployment total fell below two millions for the first time for five years, and the numbers employed in insurable trades, at 10,381,000, were higher than ever before in the fourteen years covered by the statistics. Employment was greater by nearly a quarter of a million than it had been a year previously. A particularly heartening feature of the unemployment returns is the fact that the improvement, compared with 1934, has been shared by every main industry, the list being headed by coal-mining, which in July had nearly 38,000 fewer unemployed than a year previously.

;ANADA: THE PARTIES AND THE ELECTION

I. The Record of the Session

HE active life of the seventeenth Federal Parliament of Canada came to a close on July 5, when Lord Bess- ıgh, the outgoing Governor-General, performed for ıst time the ceremony of prorogation. Members of [ouse of Commons went home in the certain knowledge they would not all meet again in Ottawa next winter, e statutory term of Parliament expires on August 18 general election must be held not long after that date.* session, which began on January 17, was of normal h but it was productive of an abnormally large and d crop of legislation, the fruit of the Government's s to give effect to the reform programme that Bennett outlined to the Canadian people in a series oadcast addresses, delivered just before the opening arliament. The Government found itself greatly icapped during the middle period of the session by unfortunate illness that overtook Premier Bennett in February and kept him out of his place in Parliament May 20; but the Opposition groups, to their credit, 'ously refrained from taking advantage of the difficulties by imposed upon the Ministry, and only in the closing s did the spirit of keen partisan controversy, which ly enlivens a pre-election session, manifest itself. ›over the Liberals, in their anxiety to avoid exposure ıe charge that they were unsympathetic to desirable ms, were sedulously careful not to oppose in principle

* The date of the election has now been fixed for October 14.

many of the Government's measures. While they derided some of them as futile or misconceived and often pressed for important amendments, they were content for the most part to fill the rôle of vigilant critics, who wanted to improve Ministerial legislation and carry the reforming process to greater lengths. The C.C.F. group, for its part, took the view that the Conservatives had been at least partially converted to their view of the necessity for comprehensive reforms of the capitalist system and for state intervention with business on collectivist lines; accordingly they persistently adopted an attitude of friendly benevolence towards the Government and most of its legislation.

As a result, while it is true that not a few of the reforms originally proposed by Mr. Bennett in his radio addresses have reached the statute book in a somewhat denatured form, the legislation actually passed promises to effect very important changes in the economic, financial and social structure of the Dominion, and represents a sincere attempt on the part of Ministers "to ensure the more effective and equitable operation of the capitalist system"—to employ the phraseology of the closing Speech from the Throne. The measures enacted in regard to minimum standards of wages, hours of work and a weekly rest, and a scheme of unemployment and social insurance, which commanded general approval, will help to bring Canada, which has been relatively backward in such social legislation, into line with other units of the Commonwealth in this respect. Material for another batch of important legislation, planned to suppress proven evils and abuses in the business world, was supplied by the report of the Price Spreads Commission, but not all the Commission's recommendations were accepted by the Ministry. A convenient excuse for rejecting some of them and modifying others was available in the doubts expressed by eminent legal authorities about the competence of the Federal Parliament to undertake, without fear of successful

challenge in the courts, any drastic regulation of business activities.

This uncertainty about its constitutional authority enabled the Government to gratify its business supporters by whittling down the proposed powers and jurisdiction of the Federal Trade and Industry Commission, whose *creation and equipment with very wide and drastic powers had been urged in the Price Spreads report. The Commission has been established; but it is to have the same* personnel as the present Tariff Board, reinforced by the assistance of a Director of Prosecutions. Moreover, it will confine its activities to investigation and, beyond making decrees for the enforcement of existing laws, will exercise no regulatory powers over business. However, amendments that were passed to the criminal code, the Companies Act, the Combines Investigation Act and the Natural Products Marketing Act should be effective, if the law is sternly administered, to suppress unfair business practices and unjust exploitation of labour, to protect the investing public against fraud, to establish higher standards of quality for consumers, and to secure a healthier atmosphere of fair competition in industry. The facilities for providing credit at reasonable rates to the farming community were improved by another Bill, and its benefits extended to fishermen. A National Economic Council to advise the Cabinet has also been brought into existence, and authority was secured for a generous programme of public works and a scheme for the improvement of housing conditions. Two important financial measures were passed, empowering the Government to establish an exchange stabilisation fund and to revalue the gold stocks of the Dominion, and the Government has already acted upon the authority given by the latter Act.

The most controversial measure of the session was a Grain Marketing Bill, which the Government introduced towards the end of the session. In its original form it contemplated a wholesale revolution of the system under

which Canada has marketed her grain crops for many years. It proposed to establish a Federal Grain Board armed with very drastic powers and operating as the only marketing agency under a compulsory pool scheme for all grain grown in the prairie provinces. However, while it was backed by the wheat pool organisations, it encountered violent opposition from the private grain firms, who foresaw that its passage would wipe out their business ; and the Liberal party, while accepting the principle of a grain board, took strong exception to conferring upon it compulsory and monopolistic powers and threatened to offer a resolute resistance to these features of the Bill. Eventually, by agreement, it was referred to a special committee of the Commons, which, under the chairmanship of Mr. Bennett himself, heard the representations of interested parties for and against the Bill. The Government had to bow reluctantly to the insistence of the Liberal members of the committee that they could not reach a satisfactory conclusion about the merits of the Bill unless they were put in possession of detailed and accurate information about the complicated transactions undertaken in the wheat market since 1931 on behalf of the Government by Mr. J. I. McFarland, its agent in Winnipeg.

Mr. McFarland was unable to appear in person owing to illness, but his assistants unfolded a very disturbing story. They disclosed that, when Mr. McFarland in 1931 took over the wheat stocks of the embarrassed wheat pools with a view to their disposal, he found himself in possession of roughly 76 million bushels of wheat standing at an average cost of about 60¼ cents per bushel. But instead of disposing of these stocks he had, under instructions from Ottawa, embarked soon afterwards upon a policy of supporting the wheat market, and, while at one period he could show a substantial paper profit on his operations, it had soon been transformed into a deficit. By June, 1935, the commitments of the Government in wheat and wheat contracts had mounted to the prodigious total of 228 million

bushels, standing at an average cost of 85.9 cents per bushel. The witnesses who gave these figures supported the Ministerial thesis that the plan of supporting the wheat market had put at least 100 million dollars into the pockets of the prairie grain growers since 1931 and was therefore fully justified. The business community and the general public, however, were shocked to discover that a sum of public money not far short of 200 million dollars was involved in the vagaries of the wheat market, and that, if the existing debit balance of 11¼ million dollars was to be wiped out, the Government's stocks of wheat would have to be sold on an average at about 5 cents per bushel above the present market price, which, being artificially pegged, does not represent the real value of wheat for export purposes.

Faced with an adverse popular reaction from these dis closures, the Government felt it would be wise strategy to avoid any prolonged controversy about the Grain Marketing Bill, and so, when the committee came to redraft the Bill, Mr. Bennett agreed to drastic changes, which altered it out of recognition and went far to meet the objections of the Liberals. In its amended form the Bill provides for the establishment of a Federal Grain Board, which, however, will at first be restricted in its scope of action to wheat and will only extend it to coarse grains by special authorisation of the Government. The compulsory features of the Bill are not actually deleted but their operation is to be suspended, until evidence is forthcoming that the new marketing system has completely failed. There is to be a fixed minimum price for wheat, but the Board will only buy wheat when the export price level falls below the minimum, and then it must buy direct from producers and not on the Winnipeg Grain Exchange; the farmers for their part are left free to sell either to the Board or to private grain merchants as they desire. The Board is empowered to investigate the workings of the grain exchanges, when it feels an inquiry into them is advisable,

but it is forbidden to conduct any more stabilisation operations. Furthermore, what is tantamount to a declaration of a national wheat policy is embodied in certain clauses of the Bill, by which the Board is authorised to take over the wheat holdings of Mr. McFarland and to sell them to the best possible advantage. These particular clauses are being interpreted as an intimation to Argentina, Australia and other exporting countries that Canada has renounced the policy of holding wheat for higher prices and is determined to sell her wheat and meat whatever competition is offered.

However, when the publication of the terms of the amended Bill caused a sharp recession in wheat prices in Liverpool, Mr. Bennett, during the debate on the third reading, intimated firmly that there were to be no bargain-counter sales of Canadian wheat, and the Senate struck out the words "as speedily as possible" from the clause referring to the disposal of the wheat stocks. The Liberals wanted a time limit up to March 1, 1936, set to the operation of the Board, but when the Government refused to concede this point they did not press it, and they supported Ministers in resisting an attempt of the C.C.F. party to restore the compulsory pool provisions, the elimination of which had in their eyes completely vitiated the Bill. The grain marketing system, which has now been established, is analogous to that which has been followed by Argentina for some years past, but it remains to be seen whether it will get rid of the huge exportable surplus of wheat, which a carry-over of about 200 million bushels, added to a crop that promises to be excellent, will make available in the coming months.

The Government also, by dropping a Bill for the application of the alternative vote to the province of Saskatchewan, and to that province alone, in the federal election, avoided a prolonged fight over it, as the Liberals were determined to frustrate what they regarded as grossly unfair discrimination against them. Concessions were made on other

measures in order to facilitate their speedy passage. In the closing days of the session the Senate, whose debates and general proceedings have in recent years been raised to a higher plane by the leadership of Senator Meighen, asserted its rights by making a series of drastic amendments in certain Bills, and there ensued between the two Houses several bouts of wrangling, which eventually ended in compromises. In the last two months of the session imperial and international affairs were cheerfully neglected as of small consequence compared with domestic problems. The special committee of the Commons that had been appointed to investigate and report upon ways and means of securing amendments to the British North America Act produced an inconclusive report, its chief feature being a recommendation for the holding of a Dominion-Provincial conference on the subject as soon as possible.

In the last week of the session the Government had to face an awkward debate upon the unemployment problem, arising out of an unfortunate fracas in Regina between the police and unemployed men, which had resulted in the loss of two lives and in many injuries. The problem presented by the million and a quarter people who are still upon some form or another of public relief threatens to be a source of worry to all Canadian Governments for some time to come, and will constitute one of the main issues at the coming election.

II. Prospects for the Election

THE exact date of the election has not been announced, but it will probably come in the latter half of September. However, for all practical purposes the campaign is already in full swing; over 300 candidates have already been chosen for the 245 seats in the Federal Parliament, nomination conventions are being held daily, and the whole

country is being flooded with election literature and propaganda. The presence of four competing parties for the first time in Canadian politics ensures a multiplicity of candidates, whose total will far outnumber the 531 nominated for the election of 1930, and it promises to turn the contest into a confused mélée. At the time of writing all the political experts, even Conservative pundits, admit that the odds are strongly in favour of a decisive victory for the Liberals. They have their party organization in better shape than any of their rivals, the superior forwardness of their preparations being proved by the fact that they have already 148 candidates in the field, almost twice as many as any other party has. They enjoy press support which is both more solid and in abler hands; and they have the advantage of the assistance of the political machines of six Liberal provincial administrations, which can be very useful allies in a federal election, and of the probable friendliness of two more. Their chief weakness is that, beyond Mr. Mackenzie King's specific pledges to lower the tariff, and somewhat half-hearted commitments by some of his lieutenants about nationalising the Bank of Canada, they have not so far put before the country any comprehensive programme for the solution of its basic problems. They are accused of a disposition to rely for victory upon the unpopularity of the Bennett Ministry, rather than to take the risk of sponsoring bold reformative proposals.

While assurances have been publicly given that, as the campaign proceeds, the Liberal party will be found with a definite progressive policy for every problem, some of its leaders are notoriously conservative in their outlook upon economic issues and the question of constitutional reform. Their influence will be exerted for the avoidance of any gestures of extreme radicalism, with two objectives: first, to allure the votes of Conservative business men, who despair of the fortunes of their own party and want to see a stable Government with a good working majority installed

in office; and, secondly, to recapture most of the 20 seats lost in 1930 in the great Liberal stronghold of Quebec. The Liberals count confidently on regaining three-fourths of these with the help of Premier Taschereau's well-oiled provincial machine. They feel assured that the unpopularity of the Government's high tariff policies will yield them gains in the prairie provinces, and that, in view of the result of the recent provincial election in New Brunswick, where they carried 43 out of the 48 seats and swept a Conservative Administration out of office, they cannot fail to improve their position in the maritime provinces, where they now only hold 7 out of 26 seats. They are less optimistic about Ontario, where the strange antics of Mr. Hepburn's Liberal Government in its first year of office have done a good deal of harm to the cause of Liberalism, but even there they do not expect a net loss. A great deal may happen before election day, but at present the Liberal leaders have some justification for their serene belief that they can offer the country the only prospect of a firm Administration with a clear majority in the Commons behind it, and that public opinion has made up its mind to give them another chance in office.

The Conservative party is fighting a desperate rearguard action; for the initiative which it achieved at the beginning of the year by the "New Deal" programme, propounded by Mr. Bennett, has now been largely lost, and the party has been thrust back upon the defensive. Indeed, no Canadian Government has ever entered an election with the omens so unpropitious for its success, and the average Conservative member left Ottawa in a very despondent mood. Then, two days after prorogation, came the birth of the new Reconstruction party, headed by Mr. Stevens; inasmuch as it represented an insurgent movement within the party, this must seem "a sorrow's crown of sorrow" to Mr. Bennett and his followers. However, one problem has been happily settled for the party by Mr. Bennett's definite announcement that he feels his health sufficiently

restored to permit him to retain the leadership for the campaign. Although his physicians may impose some limitations upon his activities, he can be relied upon to put up a very strenuous fight, however severe the odds against him may be. Before he opens his campaign he will have to reorganise his Cabinet; for Mr. Rhodes, the Minister of Finance, and Mr. Matthews, the Minister of National Revenue, have both announced their impending retirement from public life, and four other Ministers are known to be anxious to escape from the cares of office. Unfortunately, in the Conservative ranks at Ottawa there is a singular dearth of Cabinet material, and it will be difficult, under existing conditions, to induce distinguished figures outside Parliament to take office.

III. The Party Programmes

MR. BENNETT will base his chief appeal for a vote of confidence in his Ministry on the grounds that it has guided the country satisfactorily through the worst economic depression in its history, that it has already remodelled in a sane progressive fashion the economic, financial and social structure of the Dominion, and that it will persevere with the process of judicious reform, provided it is given a mandate for amendments to the constitution conferring upon the Federal Government authority to deal effectively with problems essentially national in scope. The Conservatives also propose to make considerable play with the Ottawa agreements, and depict them as most profitable pacts, which have been a material help to Canada in surmounting the trials of the depression and have proved beneficial to the whole Commonwealth. If they cannot get the negotiations now in progress for a reciprocity treaty with the United States brought to fruition before the election, they will insist that they should be kept in office as the only party that can be relied upon to exercise

vigilant guardianship over Canadian interests in trade dealings with so powerful and aggressive a neighbour.

Undoubtedly Mr. Bennett will retain behind him the solid core of the Conservative party, but the threatened desertion of its radical elements, whose political hero is Mr. Stevens, may cost it a number of seats. It is difficult to see where the Conservatives can hope to make any substantial gains to compensate for the heavy losses that are inevitable, and apparently the party strategists are now chiefly concerned about salvaging enough seats to ensure that the Conservatives, as the second largest party in the new House of Commons, will be able to claim the right to be the official Opposition in the new Parliament. If they were to fail in the attainment of this objective, the eventual disappearance of the historic party founded by Sir John Macdonald would become almost inevitable.

The Co-operative Commonwealth Federation (C.C.F.), which is a holding organisation for the different units of a Farmer-Labour alliance, will be fighting its first election as an organised national party, and it hopes to add considerably to its present representation in the House of Commons, which numbers 15. It will fight on its official programme, which is frankly socialistic but with the Marxian flavour modified in respect of its rural policies, lest its farmer supporters be frightened away. Its election manifesto boldly contends that the real issue of the election is the choice between the reform of capitalism, which the other parties urge, and its abolition, which is the goal of the C.C.F. It proposes to nationalise the banking and monetary system, to launch an elaborate programme of public works, which will absorb many of the workless, to furnish the remainder with relief on a scale calculated to assure them decent standards of living, and to guarantee a minimum income to the farmers. These, however, are only the main features of a long programme which, in the words of its prelude, is designed to rescue the country from the clutches of an autocratic and irresponsible plutocracy.

[illegible]

The C.C.F. is [illegible] provinces, British Columbia and Alberta, but in the latter its hold upon the radical vote is now threatened by the rise of a Social Credit party, organised by one William Aberhart, a Calgary schoolmaster, who is a Canadian replica of Father Coughlin and preaches a brand of Social Credit doctrines analogous to the Douglas creed, but not identical with it. *Mr. Aberhart is what the Americans call "an expert rabble-rouser," and this spring he had collected such a following in Alberta that its United Farmer Government felt it advis*able to send out a Macedonian call for help to no less a person than the original parent of Social Credit, Major C. H. Douglas, who came out for a substantial fee and proceeded to expose the fundamental errors and flaws in Mr. Aberhart's plan. But Mr. Aberhart was undismayed by this exposé and, having nominated an array of candidates for the approaching provincial election in Alberta, now contemplates an invasion of the federal field, which would impair the chances of C.C.F. candidates. However, by way of compensation it is reported that the C.C.F. is now securing a considerable foothold in Montreal, and that in spite of the thunderous denunciations of the Roman Catholic hierarchy of Quebec, which has virtually placed the party under a ban, its socialistic doctrines are for the first time winning converts among the French-Canadian working classes. Nevertheless the strength of the C.C.F. east of the Ottawa river still remains feeble, and, since its organisation is sporadic and it has only the support of a few weekly papers, it can scarcely hope at this election to challenge seriously the supremacy of the two historic parties.

There remains the new Reconstruction party launched by Mr. Stevens and his supporters. Like the C.C.F., it has set up Canada's plutocracy as its chief target, but it parts company with the older organisation when it comes to the best method of curbing that plutocracy's misdeeds and oppressions; for it renounces socialism as a dangerous

adventure and believes that drastic reforms applied to the capitalist system can make it workable. Yet its fifteen-point programme has many points of similarity with that of the C.C.F.; it advocates, for instance, a generous programme of public works for the relief of unemployment, and the nationalisation of the banking system. It also proposes a drastic lowering of interest rates (suggesting that 5 per cent. should be the legal limit for mortgage interest) and a stern *reduction of tariff duties on imports from Great Britain, especially such as are necessary or advantageous to the farming community.* The insertion of this last item in his programme will keep the protectionist elements in the Conservative party away from Mr. Stevens' banner, but it may win support for him in rural constituencies, where he is at present weak. His main strength, however, will be in the towns and cities. It remains to be seen whether he will be able to retain for polling day the support of the very substantial personal following which he had undoubtedly at one time accumulated by his crusade against "big business" and its ways. So far no Conservative paper, no member of either House of Parliament, and no politician of prominence has thrown in his lot with the newest party, though it has secured the benediction of the United Farmers of Ontario and of some associations of retail merchants, who regard Mr. Stevens as their faithful champion against their pet enemies, the great department and chain store organisations. It is difficult to see how Mr. Stevens, in the two months that are the outside limit of time at his disposal, can create an efficient nation-wide organisation and make good his threat of placing a candidate in every constituency. But the new party, representing as it does a revolt within the Conservative party, is bound to add to Mr. Bennett's embarrassments and difficulties.

Altogether a lively election seems in prospect, and it will be spiced by the activities of some novel candidates. Mr. J. R. Booth, an Ottawa millionaire, is fighting a rural seat adjacent to the capital as an Independent Liberal with a

radical platform, and Mr. Tim Buck, who recently served a prison term for seditious conduct, is contesting North Winnipeg as a Communist. The whole tone of all the party programmes reveals a general leftward movement in outlook and policy; and doctrines and ideas, which isolated cliques a few years ago were discussing in whispers, are now quite fashionable in all circles of society. There is no widespread enthusiasm over the prospect of another Liberal Administration, dominated as it is almost certain to be by the ingrained conservatism of its Quebec contingent, and bereft, as it most unfortunately threatens to be, of two of the ablest Liberal politicians in the country, Colonel J. L. Ralston and Mr. Charles Dunning. Indeed, grave doubts are freely expressed whether Mr. Mackenzie King, if he wins the election, will be able to construct a Ministry competent to tackle with success the unemployment, railway and other fundamental problems of Canada.

Despite many rebuffs the advocates of a National Government, who include most of the leading figures of the financial and business world, have never abandoned their dreams ; there has lately come into existence a League for National Government, which claims to have 35,000 members and which proposes to exact, as the price of its members' support, pledges from candidates of all parties that they will, if returned, work for a National Ministry. The sponsors of this League think that a chance of achieving their objective will come possibly two years hence, when a Liberal Administration finds itself reduced to a state of baffled impotence in face of the Dominion's basic problems. But nothing would please the C.C.F. quite so much as the emergence of a National Government, merging the Liberal and Conservative parties, as the field would then be opened for their party to become the official Opposition of the Left, and the cohorts of Mr. Stevens would almost be forced to join them. Accordingly the coming election, whatever its immediate result, may well prove to be an important transitional episode in a long

overdue process of political realignment, which will give Canada two vigorous political parties, one of the Right and another of the Left, advocating completely divergent philosophies and programmes.

Canada.
July, 1935.

AUSTRALIA

I. Rural Rehabilitation

FOR five years, save a short interlude in the case of wool, Australian primary producers have watched with growing concern the ebb tide of world prices for their products. As no turn is yet visible, it is recognised not only that our rural industries must accommodate themselves to price levels different from those of pre-depression years, but also that far-reaching legislative action is needed to assist the process. Rural rehabilitation therefore presents a complex of problems, with markets and debt adjustment in the immediate forefront. Ironically enough, some of the marketing difficulties can be traced to the divergent policies of two British Ministers. For if Australian Governments enthusiastically associated themselves with the wide-visioned plans that Mr. Amery sketched in his Empire Settlement Act of 1922 for the mass settlement of ex-soldiers and migrants in the Dominions, they are now reluctantly realising that Mr. Elliot's rediscovery of the British farmer deals a mortal blow to much that those plans envisaged. Recent experience has revealed how illusory were some of the assumptions of those plans, and although at first circumstances disguised the position, statesmen like Mr. Bruce never lost an opportunity to impress upon people, both here and in England, the derangements that would occur if settlement were divorced from markets.

Since 1929, the stimulus of low prices, combined with a run of good seasons, and strengthened by government encouragement to produce more and better primary pro-

ducts, has resulted in a substantial increase in the total volume of rural production, and consequently in the volume of the exportable surplus. Professor Giblin estimates* that the production of wool increased by 10 per cent. between 1928–29 and 1932–33, of wheat by 40 per cent., of butter by 50 per cent., and farm production as a whole by 16 per cent. During the same period prices for farm products fell by 40 per cent., and although the early depreciation of the Australian pound tempered the effect of the fall, the export price over the last three years, with a stable sterling-Australian exchange, has fluctuated about an average of some 35 per cent. below pre-depression figures.

The attempt to counter the price loss by an increased exportable volume, however, has been challenged by changes in trade policy throughout the world. The ever-extending application of the principle of economic nationalism has closed or curtailed some foreign markets to Australian produce, and this has transformed the United Kingdom from our major into almost our only important overseas market. Hence Mr. Elliot's reversal of Mr. Amery's policy, and his threatened restrictions upon Australian produce in the British market, raise problems of the first magnitude. Ottawa offered possibilities of resolving conflicting loyalties, but if it did not succeed in doing this it did reveal to the Dominions the inconsistencies between many of their demands upon Great Britain and their own domestic policies. If they gained some substantial though temporary benefits, and are able, for the time, to record a considerable increase in the volume of some of their exports, they have also had to accept a situation that promises them for the future, not the almost unrestricted market of pre-depression days, but one hedged in with quotas and bounties to British farmers, and with extra-Empire trade agreements, the whole being buttressed with mounting tariff walls.

* See his "Farm Production and the Depression." Supplement to the *Economic Record*, March, 1935, p. 40.

The Relief of Debtors

If markets constitute the background of the problem of rural rehabilitation, the foreground is occupied by a confused medley of features which may be identified as the Australian rural debt structure. This part of the problem has its roots in the immediate post-war period, when all governments embarked upon expensive settlement schemes financed by large public loans bearing high interest rates. Money was advanced to settlers on new irrigation areas, on group settlements and on marginal wheat lands, although much was also expended on closer settlement in safer districts. Superimposed upon, and stimulated by, government settlement of ex-soldiers, migrants and local civilians, was a not inconsiderable volume of private farm sales based upon the high prices that ruled for wool, wheat and butter. Some of these projects, both governmental and private, were ill-considered, and were justified, if at all, only upon the assumption that the favourable conditions under which they were attempted would continue indefinitely. When the depression arrived many of the settlers were peculiarly vulnerable. There had been scant time (even had there been the inclination) for many of them to build up reserves, and when prices fell they found themselves encumbered with liabilities quite disproportionate to their earning capacity.

The immediate concern of the several governments was to maintain the volume of exports that was essential if public and private external debt obligations were to be met, and this effort marched with an anxiety to avoid the social and political difficulties associated with any wholesale abandonment of or evictions from farms. The latter possibility was met in the several States partly by general Moratorium Acts and partly by specific measures.

In the case of governmental settlers only the magnitude of the relief afforded them was novel in the chequered history of Australian land settlement. Settlers had the capital values of their holdings from the Crown re-appraised,

their rents of Crown leases reduced, their instalments of capital and payments of interest suspended, and their rates of interest reduced, while necessitous farmers secured fresh advances to purchase seed, stock or equipment. Sometimes these concessions were general; sometimes they were confined to groups such as farmers on irrigation areas or closer settlement farms*; in other cases, they depended upon the showing of specific cause.

Further, for all settlers, governmental as well as private, an effort was made to bridge the gap that had opened between costs and prices by reducing transport and terminal charges, by adjusting rent and interest in conformity with the Premiers' Plan, by paying bounties, by organising marketing schemes, and by fixing home consumption prices. But there still remained the problem of dealing with debts due to private creditors, and this required the breaking of fresh ground.

South Australia, whose economy is essentially rural, and whose primary producers had suffered severely from droughts during the years from 1926 to 1929, led the way with a special Debt Adjustment Act, passed towards the end of 1929. Notwithstanding its title, the Act did not provide for the writing down of liabilities. It merely protected farmers and graziers from actions by creditors to recover debts owing, and opened the door to voluntary compositions. Subsequent measures extended this principle,† and later, following investigation into their working,

* In Victoria, for example, the Closer Settlement Act of 1932 brought all the settlers' liabilities to the Crown for land purchase, advances, and interest into one account, and for five years from June 30, 1932, fixed a maximum instalment in payment of debt and interest. At the end of June, 1937, the Closer Settlement Commission is required to re-appraise the land and improvements, in the light of current conditions, and if the new value is less than the liabilities of the settler the difference is to be written off. The Commission has reported that "the majority of the settlers are in an insolvent position, and until the revaluation of 1937 . . . their position cannot be rectified."

† The Farmers' Relief Act, 1932, the Financial Emergency Act, 1931, which reduced rent and interest charges, the Mortgagors' Relief Act, 1931, the Farmers' Relief Extension Act, 1931, and the Farmers' Relief Act, 1932.

and into the desirability of taking special action for debt adjustment*, a Farmers' Relief Board, constituted under the Farmers' Assistance Act, 1933, was empowered to assist farmers to carry on, and to hear their applications for a reduction of liabilities. Such applications might be entertained only if the Board was satisfied as to their reasonableness and if creditors consented.

In all the States that undertook specific legislation for protecting farmers the development was similar.† First, moratorium measures suspended the rights of mortgagees and creditors to take action for recovery of debts. The next stage was the setting up of authorities empowered to supervise the affairs of farmers to whom protection had been given, and to assist them to put their financial affairs in order. The third stage was an attempt to prevent farmers from abandoning their farms in despair, and provided machinery, which debtors, creditors, or Relief Boards could use, for dealing with applications for debt reduction. The latest development has been the provision of funds by the Commonwealth Government to be used to induce creditors to accept compositions, and thus enable farmers to make a fresh start.

The application of these principles may be understood by describing the procedure under a specific Act. The New South Wales Farmers' Relief Act, 1932, is perhaps the most comprehensive of the measures enacted, and its provisions may be taken as indicative of the objectives sought.

A Farmers' Relief Board has been established to which a farmer wishing to secure the benefits of the Act must apply.

* Report of the Committee to investigate the question of Debt Adjustment in respect of the Agricultural and Pastoral Industries (the Paine Report), March 1933. (S.A.) Legislative Council Paper No. 51.

† *Western Australia:* Farmers' Debt Adjustment Acts, 1930–33. *Victoria:* Unemployed Occupiers' and Farmers' Relief Act, 1931, Farmers' Relief Act, 1932 (creating a Farmers' Relief Board), Farmers' Relief Act, 1933 (empowering creditors as well as debtors to apply for debt reduction), Closer Settlement Act, 1932. *New South Wales:* the Moratorium Act, 1930 (which also eliminated the "personal covenant"), the Moratorium Amendment Act, 1931, the Moratorium Act, 1932 (which re-introduced the "personal covenant" with safeguards), the Farmers' Relief Acts, 1932–34

If his prospects of rehabilitation are deemed reasonable, a "stay order" is issued. This prevents the taking of any proceedings, judicial or otherwise, against a defaulting or embarrassed farmer during the currency of the "stay order." Thereupon an approved "supervisor" is appointed by the Board to assume the management of the finances and business operations of the farmer, but not to interfere with the internal working of the farm or the marketing of its produce, unless so directed by the Board. The supervisor investigates the assets and liabilities of the farmer, revalues his assets in terms of current figures, and, if there are excess liabilities, places this excess in suspense, without the right to earn interest. He handles all the receipts and expenditure of the farm, including proceeds of produce sold, and makes disbursements to the farmer, the creditors, and the supervisor in the order of priority prescribed by the Act. If the proceeds are insufficient to meet the year's expenses, amounts unpaid are a charge against future receipts, subject to the observance of definite conditions.

During the continuance of a "stay order" the Board may make advances for the maintenance of a farmer and his family, or to enable him to carry on the farm, or it may guarantee his purchases, or assist in purchasing supplies, such as fertilisers, cornsacks, and stock. Any advance for these purposes is secured on the income of the farmer. In addition the supervisor must pay to the farmer, for his own private use, 7½ per cent. of the proceeds of produce marketed, up to a maximum of £75 per annum.

The relief afforded by this Act is therefore limited. It does not provide for the writing-off of a farmer's liabilities, and its benefits are restricted to those who have a chance to recover. If it takes a farmer's financial affairs out of his hands, the Act does afford positive financial assistance to enable him to continue production. If the farm is poor, or its earning capacity markedly below the load of its liabilities, or the applicant personally undeserving, the

Board considers it better to allow liquidation than to throw good money after bad. Where recovery is anticipated, the Board's first aim, after the financial position of the farm has been determined, is to raise it to full earning capacity; for many farmers have been compelled to allow plant and equipment to depreciate, or their stock to fall below full carrying capacity. During this process of adjustment, creditors are protected against action by any one of them to the prejudice of all, and they have the satisfaction of knowing that under competent management and supervision they may obtain payment of debts that seemed irrecoverable.

In the absence of any lift in prices, the 1932 Act developed all the defects of ordinary moratorium measures. There is an obvious limit to the patience (and even the financial ability) of creditors to wait for payment, as well as to the willingness of debtors to work mainly for the benefit of creditors. Some creditors would have preferred to accept an immediate cash payment in composition of their debts, rather than drag on and hope for a full settlement in the future. If farmers could arrange private accommodation, the Board assisted them to secure compositions, but it had no funds of its own, nor was there legislative authority for making general adjustments.

The 1934 Act provided machinery to enable creditors to approach the Board to secure compositions, but this scarcely varied the former position until the Federal Government agreed to provide funds for the purpose. As this constitutes a fresh approach to the problem of rehabilitation, based upon concerted and uniform action throughout Australia, it demands special notice. First, however, mention must be made of another old-established method by which governments attempted to ameliorate the lot of farmers during the continuance of low export prices.

The Wheat Bounty

The principle of a home consumption price has long been applied in Australia to assist certain rural industries.

Of our more important farming activities, the production of wool, wheat, meat, and fresh fruits had not required this form of assistance prior to the depression. For most of the others, more or less complicated marketing organisations had been brought into being, which maintained home consumption prices. When many wheat farmers became seriously embarrassed in 1930, recourse was had to bounties. Initiated by the Scullin Government, which gave a bounty of 4½d. a bushel on all wheat sold during the 1931–32 season, the principle was continued on modified lines by the Lyons Government for the 1932–33 season. It was hoped that the London international wheat agreement of June 1933 would stimulate prices, which indeed rose until September 1933; but when they then declined the bounty was continued for 1933–34, although it was paid only to those farmers who had no taxable income for the year 1932, unless special hardship could be shown. Even this bounty could not be provided from revenue, and the Government had recourse, amongst other things, to a flour tax of £4 5s. a ton to provide it.

The persistence of the demand for relief for one of the most important of our primary industries inevitably provoked the question, where a hand-to-mouth policy of assistance was going to lead. In order to clarify the situation, the Lyons Government, early in 1932, appointed a Royal Commission, with Sir Herbert Gepp as chairman, to inquire into the wheat and allied industries. The Commission made a preliminary report in July 1934,* strongly recommending the payment of a bounty of £4,000,000 for the 1934–35 season. Part of the sum needed was to be raised by an excise duty on flour consumed in Australia, and the duty was to vary as the price of flour altered in Melbourne. The Government rejected the suggested method of raising the bounty, fearing that the

* Royal Commission Report on Wheat, Flour and Bread Industries, First Report, July 1934; Supplementary Report, November 1934; Second Report, February 1935. See The Round Table, No. 97, December 1934, pp. 174–176, and No. 98, March 1935, pp. 412–413.

yield from a varying tax would be uncertain, and that the door would be opened to speculation in flour. Instead, it reimposed the unpopular flour tax at a reduced rate of £2 12s. 6d. a ton for the year 1935. It agreed to the Commission's method of distribution of the bounty, namely, partly on the basis of wheat marketed (which provided 3d. per bushel produced), partly on acreage sown (which worked out at 3s. per acre), while the balance still remaining was to be held in reserve for later distribution among growers who had experienced specially adverse conditions during the year.*

The Gepp Commission, in its first report, insisted that the solvency of wheat farmers generally was seriously threatened, and that comprehensive measures, which could only be applied over a term of years, were essential if recovery was to be attained. These fell into two broad classes—measures which would lower costs, and those which would increase net returns. Without waiting for the Commission's final conclusions, the Commonwealth Government attempted to implement the two principles indicated. It called a conference of State Ministers and organisations, which agreed to a scheme to facilitate debt adjustment, and to the establishment of an Australian Agricultural Council to provide for continuous consultation among Australian Governments on economic aspects of agriculture.†

The Adjustment of Debts

The scheme for debt adjustment entailed the provision by the Commonwealth Government of a sum of £12,000,000,

* The third method was confirmed by an Act passed in April 1935 by the Federal Parliament, entitled "The Wheat Growers Relief Act, 1935." As, however, the sum needed to provide the bounty of 3d. per bushel was less than had been expected because of a smaller crop, the Government added what was thus saved to the fund reserved, and it is estimated that the total to be distributed to special beneficiaries will be about £700,000.

† Conference of Commonwealth and State Ministers on Agricultural and Marketing Matters held at Canberra, December 3 and 4, 1934. Commonwealth parliamentary papers, 1934, No. 69.

to be given to the States free of interest over a period of years for the purpose of thawing out the liabilities of farmers that had been frozen by the operation of rural Moratorium Acts. Investigations had shown that, apart from farmers whose position was still financially sound and those whose finances were, either for personal or for other reasons, beyond repair, there were large numbers who, if they could deal with the accumulated load of suspended liabilities, might reasonably expect to be able to carry on in future without assistance from public funds. Out of about 250,000 farmers in the Commonwealth, the Acting Prime Minister, Dr. Earle Page, intimated that about 30,000 would need assistance.

The Commonwealth Loan (Farmers' Debt Adjustment) Act, passed in April 1935, ratified the agreement for debt adjustment but contained a provision that no grant should be made to any State until it had set up an authority with power to suspend farmers' debts in whole or in part.* "Farmer" is defined as anyone engaged in "farming, agricultural, horticultural, pastoral or grazing operations."

The remaining principles of the Act are (*a*) that State agencies are to be used to administer the funds provided, (*b*) that the funds are to be used for the adjustment of farmers' debts, and not for making advances for plant or improvements on existing farms, or for tiding farmers over the period of readjustment, (*c*) that the funds are to be used to assist individual farmers, and not to relieve State budgets (Western Australia wished to use part of the funds for general assistance to farmers, but the Act precludes this), (*d*) that the funds must not be used for wiping out debts due by farmers to State Governments, and (*e*) that the funds must be used only to assist those farmers who have a reasonable prospect of carrying on after compositions have been made. Subject to the observance of those

* New South Wales and South Australia have already passed the necessary measures; Western Australia will need to amend in certain details its existing law, while the other States have yet to take action.

principles, each State is free to develop its own methods of debt adjustment. It may lend money to farmers, and require repayment, and these repayments are intended to create a revolving fund. In general, the plan of the New South Wales Farmers' Relief Act, 1932, already described, is being adopted.

The funds to be allocated to each State have been decided in terms of an elaborate formula. £1,500,000 has already been provided for the period ending June 30, 1935, and further sums have been named for later distribution. Out of the total grant of £12,000,000 a sum of £2,000,000 is to be held in reserve to correct any anomalies that may be found.

As to whether the amount provided is sufficient, there is considerable difference of opinion. Dr. Page estimated on the basis of an average of £400 for about 30,000 farmers, and he quoted typical cases of farmers with liabilities ranging from £4,000 to £11,000 where cash payments of from less than £300 to nearly £500 would restore a substantial equity in the respective properties at the current level of prices.* To those who contend that the amount is insufficient, it is pointed out that, although the New South Wales Act has been in operation for three years, by May 1935 only 2,200 out of about 50,000 farmers had secured protection from the Farmers' Relief Board. Another objection advanced is that there is no provision for compelling creditors to accept reasonable schemes, although Relief Boards need not wait until all creditors have agreed before proceeding with compositions.

It has also been urged that creditors are quite unlikely to accept a composition of even ten shillings in the pound on debts that they feel they can ultimately collect in full, but if "ultimately" is interpreted to mean "within a reasonable time" Relief Boards will hardly ask them to do so. It is clear that administration holds the key to the success of debt adjustment, and a heavy responsibility is thrown upon officials to avoid wasting money upon creditors

* Federal Parliamentary Debates, March 21, 1935.

who may seek to use the new measures to resuscitate debts they have already written off as irrecoverable, and upon substantially solvent debtors who may seek to evade liabilities they are quite able to meet without assistance.

Governments have also to meet the situation created by much of the rural legislation of recent years, the general effect of which has been to eliminate some of the criteria by which farmers judge the profitableness of production. Where many past measures have been calculated to encourage expectations of regular assistance from public funds, and where some of the government settlers, especially returned soldiers, have not hesitated to make extravagant demands, the success of debt adjustment will be judged by the number of farmers able in future to rely upon their own efforts.

Long Range Policy

Although the general outlines of the scheme for debt adjustment had been settled before the Government received the second report of the Gepp Commission upon the matter in February 1935, it found that the report emphasised the belief that debt adjustment was unavoidable. The Commission stated that the aggregate of farmers' liabilities was of great magnitude, but inasmuch as the debts of the farmers were the assets of other individuals in the community it rejected such expedients as a general writing down of capital debts or interest rates, believing that every case must be considered on its merits, and that an adjustment to meet the present low level of prices would be unjust to creditors if circumstances altered and there was a general appreciation of values in the near future.

Its discussions were far too comprehensive to be condensed in a short paragraph, but its major conclusions were that the Commonwealth should legislate to deal directly with the farmers, should set up Commonwealth Debt Adjustment Courts, presided over in each State by a judge with two technical consultants, and should unify the

whole administration by a Commonwealth-wide organisation. (The Commonwealth Government preferred to leave the matter for the several States to deal with, even if uniformity were sacrificed.) The Courts were to be empowered to afford protection to debtors (along lines similar to that already given by State authorities) for seven years, during which time voluntary or, in default, compulsory compositions were to be made. At the end of seven years each case was to be reviewed, and all debts then adjudged to have no value were to be cancelled, the value of the estate to the creditors being determined on the basis of the net earning capacity of the property. The Commission considered that some wheat farmers, especially those on small areas and in unreliable districts, were incapable of recovery, and it recommended the withdrawal of moratorium protection from them, so that the readjustment of areas, the replacement of inefficient farmers, and the gradual reorganisation of farm production should now be undertaken.

Turning to the question of increasing net returns, the Gepp Commission recommended a compulsory marketing scheme for Australian wheat, administered by Commonwealth and State marketing boards, with power to fix a home consumption price for wheat. The proposal met with considerable opposition because it rejected the idea of producer control, but the principle has been applied already to the production and marketing of other primary products. The Commonwealth Government is holding its hand until the return of the Australian ministerial delegation from London, but meanwhile it has launched the Australian Agricultural Council, which may prove to be an important step in the internal reorganisation of our primary industries.

A ministerial organisation like the Loan Council, it is in some respects far more ambitious; for, associated with Commonwealth and State Ministers, it has a standing executive committee of departmental and other experts, including the executive committee of the Council of Scien-

tific and Industrial Research, which will systematically and scientifically examine and present to the Agricultural Council the problems that demand attention. The Council will provide a direct and continuous channel of communication between the several governments, and by reason of the association with it of the Commonwealth Ministry of Commerce it will be likely to secure concerted action when primary producers' interests are affected. Indeed, it is conceivable that it may prove to be even more important in the work of controlling primary production than the Loan Council has been in determining broad lines of financial policy.

The two developments just sketched are only stages in the larger problem of rural rehabilitation. The transfer of some groups of primary producers from non-economic production may prove within the capacity of the Agricultural Council to handle, and the extent to which this will be necessary will be clearer when debt adjustment has been effected, and when the scope of overseas markets has been defined. Meanwhile, it is difficult to escape the conclusion of Professor Allan Fisher* that the maintenance of the present level of primary production will only be possible if many of those engaged in it "are willing to accept an income level definitely lower than that of other comparable sections of the community." This willingness, however, is conditioned by political pulls, for as Professor Giblin† points out, "the farmer has been taught for so many generations that he is the backbone of the country and that his activities are more in the nature of pious devotions than of sordid commercial ventures, that it is hard for him to believe that his country will ever fail to maintain him in the production of increased quantities of wheat and butter, even if nobody wants them and they are produced only to be destroyed."

* "Crisis and Readjustment in Australia," *Journal of Political Economy*, December, 1934, p. 782.

† "Farm Production and the Depression." Supplement to the *Economic Record*, March 1935, p. 47.

Australia

II. Political Chronicle

UNDISTURBED by the commotions that are affecting politics almost everywhere, parliamentarism in Australia is still running its natural and traditional course. The electorate, as the federal election showed last year and as the three state elections have shown this year, is minded to let things go on very much as they are. That, rather than the specific policies of the rival parties, was the real issue in each of the state elections.

In the last number of The Round Table,* the result of the election in Victoria was recorded, together with the subsequent displacement of a United Australia party Ministry by its former Country party allies, and the formation, with Labour support, of a Country party Ministry under Mr. A. A. Dunstan, pledged to a more comprehensive policy of rural rehabilitation and of public works for unemployment relief.

The contest in New South Wales was watched with interest and anxiety throughout Australia. Since New South Wales is the wealthiest and most populous State, policies adopted in New South Wales have a very considerable influence upon Australian politics as a whole. The composite United Australia party-Country party Ministry could not have expected to retain the enormous majority of 42, in a house of 90, which it had won in 1932, following upon the dismissal of Mr. Lang by the Governor. But the result was a decisive victory for the Government, since Mr. Lang won only five seats, leaving Mr. Stevens with a strong majority of 32. This is the first time since the war that a Government in New South Wales has been returned for a second term.

Mr. Lang put forward a policy compact of the familiar elements. By increasing expenditure by £20 million a year,

* See The Round Table, No. 99, June, 1935, p. 599, and p. 618.

he would be able to give full-time employment for everyone at award rates, and restore public service salaries; he would raise the school-leaving age to 16, alter the Arbitration Act to secure higher wages and shorter hours, and bring in a new scheme of rural relief to ensure to farmers an income at least equal to the basic wage. These were magnificent promises. On his record, however, the electors did not believe that Mr. Lang would be able to fulfil them. They feared a repetition of the high taxation, financial chaos, and endless conflict with the Commonwealth and the Loan Council for which his previous régime was notorious. Not even the unemployed took the Labour promises this time at their face value. Mr. Stevens, on the other hand, naturally made the most of the general improvement in economic conditions during his term of office, and the electors preferred his record of tax remission and his promise of increased loan expenditure for public works. The vote has been regarded as showing that the Australian people have done with extremism, and that "Langism is finished." But it may be noted that the Federal Labour party, which is a "moderate" organisation, added only a few thousands to its poll of 1932, and did not win a single seat.

In Queensland, Mr. Forgan Smith now has the rare distinction of having come back from the polls much stronger than before. In the last Parliament the Labour Ministry had a majority of 4, in a house of 62, over its Country-Nationalist opponents. It now has a majority of 30, leaving the Opposition numerically weaker than it has ever been since Labour first came into office in 1915. The election caused little interest. The return of the Government was indeed expected, but no one had foreseen a veritable landslide in its favour. A recent alteration of electoral boundaries seems to have assisted Mr. Forgan Smith a good deal. He refused to make rosy promises, and took his stand mainly on his Government's record of moderate courses and improved conditions. The result

has been a great triumph for him personally. Independent, tenacious, a hard-hitting humorous Scot, he is one of the outstanding figures in Australian politics.

When the Loan Council met in May, there were controversies all round—between the governments and the Commonwealth Bank, between the Commonwealth and the States, and between the States themselves. For public works, the loan programmes of the governments for the year 1935–6 totalled nearly £32 million, some £9 million more than the current year's figures. The Commonwealth wanted £5 million, mainly for rural rehabilitation. New South Wales, pursuant to Mr. Stevens' election policy and in general accord with his Government's policy in public finance throughout, claimed £10 million. Victoria asked for £5½ million, to implement Mr. Dunstan's policy of providing full-time work for the unemployed. In addition to the works programmes, there were State deficits for the current year to be met, amounting to £4½ million. Further, the Commonwealth Bank proposed that £5 million of the loans to be raised during 1935–6 should be used to fund existing treasury bills, by means of which deficits were financed during the worst years of the depression. The Bank was also reported as having indicated that it was not possible to borrow in all more than £23 million during the year. The Commonwealth, fearing that its programme of rural rehabilitation might be jeopardised, pressed the States to curtail their demands, so as to reduce the total to £30 million. Victoria fought doggedly for the full amount claimed, but other States were unsympathetic. They were inclined to regard Mr. Dunstan's demands as being based not so much on the financial position of the State as upon the political position of the Ministry. For a time it looked as though agreement was impossible. In such an event, the Financial Agreement provides that the total to be raised must be allotted to the governments in the ratio of their loan expenditure during the past five years. This formula would have worked out satisfactorily enough for

New South Wales, whose recent loan expenditure has been high. But in Victoria, whose loan policy has been conservative, the formula would have allowed only £3.2 million. Finally, agreement was reached by increasing the total amount to be raised. Loans totalling £31 million were decided on—£5 million to cover deficits, and the remaining £26 million for works, the share of New South Wales being £8 million, and that of Victoria £4 million. Financial policy, like political, remains very much as before.

Australia.
July 1935.

SOUTH AFRICA

I. Political Chronicle

THE 1935 session of the Union Parliament marked a return to the normality of political party strife. Since coalition was brought about in the early months of 1933 the parliamentary sessions have lacked much of the interest that is derived from the clash of opposing parties. During the last two sessions, while the Nationalist and South African parties remained in existence as separate entities, General Smuts, though a member of the Government, was still regarded, for certain technical parliamentary purposes, as the leader of the Opposition. To-day, against the solid phalanx of the United South African National party—comprising almost four-fifths of the House—which supports the Government, there stands arrayed a recognised official Opposition under Dr. Malan, which clings to the name of the old Nationalist party, as well as two minor Oppositions—the Dominion party and the Labour party. Those who two years ago were elected as Independents have for all intents and purposes aligned themselves with one or other of the four recognised parties.

The resumption of party strife led to a good deal of unnecessary acerbity. This was confined almost entirely to the relations between the Nationalist Opposition—the purified Nationalists, as they call themselves—and those whom they regard as renegades, the ex-Nationalist members of the United party. Personal politics, so dear to the heart of the Afrikaans-speaking South African, have come into their own again; and as was in the old days the fight

between Kruger and Joubert, or the fight between Hertzog and Botha, so is now the fight between Malan and Hertzog. The discussion in Committee of Supply on the Prime Minister's Vote, which is usually disposed of in three or four hours, dragged on this year to three days, and for the most part took the form of a verbal duel between these two former colleagues. It was a fight *à outrance*—no quarter given or asked for—and sometimes onlookers wondered why it is that South African politics, which are so often characterised by high statesmanship, tend hardly less frequently to descend to the pettiest of futilities.

As was anticipated in an earlier article,* written in the early days of the session, the attack on the Government was based almost entirely on sentimental matters. Is South Africa really free or is it more firmly tied than ever to the leading-strings of perfidious Albion ? Would South Africa not inevitably be dragged into war if Great Britain were to be at war ? Is it not anomalous that its citizens should have the dual nationality of British subjects and Union nationals ? Is it not inconsistent with its sovereign independent status that it should stand committed by the Smuts-Churchill agreement of 1921 to the land defence of the Simonstown naval base ? Should not appeals to the Privy Council be forthwith abolished ? When is South Africa to have its own native-born Governor-General ? These were the questions asked *ad nauseam* by Dr. Malan and his followers. And when their voices grew weary the same issues were raised, of course from the opposite angle, by Colonel Stallard and the Dominion party, whose main complaint proved to be that while the Government has declared that South Africa is within the Empire, and that it stands for the continuance of the present relationship of free association with the Commonwealth, it is not prepared to describe the Union as "an integral, indivisible part of the British Empire." For the most part the debate was all very academic, and

* See The Round Table, No. 98, March 1935, p. 422.

seemingly rather futile; yet it was designed to play its part in stimulating sentiment, British or anti-British, in the country outside, and it has not been without effect.

Despite these attacks the Government emerged from the session with a solid legislative achievement, not indeed so impressive as in the piping days when there was no real Opposition, but still substantially above the average annual output in quantity and quality. General Smuts himself piloted through Parliament a General Law Amendment Act, a most important and valuable measure, introducing radical changes more especially in criminal procedure, with a view to simplifying and speeding up the administration of justice. There was a good deal of legislation designed at once to relieve the present ills of agriculture, and to set it on a sounder basis for the future. The most important such measure was a Farmers Assistance Act, which creates a Farmers Assistance Board, with powers to effect a compromise between a farmer and his creditors and, where necessary, to acquire his assets and let or resell them, and also makes special provision for the winding-up, without having recourse to the ordinary insolvency procedure, of the affairs of embarrassed agriculturists. There was legislation dealing with the provinces, which will be referred to specially below. Valuable amendments to the Public Health Act were carried through. Provision was made for giving effect to the Government's policy in regard to the issue of milk and butter gratis or at reduced prices, as an alternative to oversea dumping. Finally there falls to be mentioned an Act creating a National Roads Fund, from which allocations are to be made for the construction of declared "national roads." The fund has been given an initial endowment of £500,000, and will receive the proceeds of a threepence per gallon duty on petrol. Its institution will make possible very great improvements in South Africa's highways, and apart from other advantages will add greatly to its amenities as a tourist-inviting country.

Political Chronicle

If it be remembered that the budget, the main features of which were described in the June issue,* was a very satisfactory one, it would seem that the Government has ample reason to be content with the work of the session. And yet there is no gainsaying that its position in the country to-day is not as strong as it was, say, six months ago. It is true that the hand of death has removed an always, at least potentially, formidable opponent in the person of Mr. Tielman Roos, that most picturesque of all the figures in modern South African politics, who left the Appeal Court Bench to drive the Union off the gold standard, and then, as he staked his claim for the premiership, overcalled his hand, because he believed that Generals Hertzog and Smuts would never be able to sink their differences and that he himself would be regarded as the only man who could bring about a National Government. Most of Mr. Roos's followers, in obedience to his dying wish, have joined the United party, but probably the accessions that they represent are more than counterbalanced by defections.

The truth of the matter is that sentiment is still a mighty force in South African politics. For a time it seemed as if the people of South Africa had grown weary of the old party strife, as if the old sentimental issues had really become outworn. It was a great popular uprising, so it seemed, that forced coalition and fusion on the politicians. But the early ardours have cooled, and to-day, while the United party has still the backing of the great mass of the people, its cause, for all the excellence of its achievement, arouses little real enthusiasm. The enthusiasm is on the side of the sentimentalists—Nationalists and Dominionites—and Government supporters are on the defensive. The raising of sentimental issues has had its effect on both sides. Among a not inconsiderable part, though by no means a majority, of the English-speaking section of the population, there is an awakened consciousness of their "Britishism";

* See The Round Table, No. 99, June 1935, p. 629.

so, too, a very large minority of Afrikaans-speaking South Africans have had anti-British feelings stimulated, and are rallying to ultra-nationalistic party cries which seemed to have been forgotten.

The Dominion party, at a by-election at East London (North) in April, scored a considerable victory. True, it was, owing to local circumstances, a very favourable terrain to fight on. Even so, the victory has done much to brace the party to further activities. To-day it lays less emphasis publicly than it used to on the sentimental issues from which it drew its originating impulse, although these are still having their effect in men's minds. But it is finding one or two economic issues which make useful party propaganda. There is a general feeling in the towns that the Government is doing too much for the farmers, and on the Witwatersrand in particular the cry has been raised that the taxation of the mines is excessive. The Government, it is true, can point to such facts as that European employment on the mines has increased by 37 per cent. since the beginning of 1933, and that recently, in response to a request for £250,000 by a mining house, the public subscribed over £10,500,000 in cash; but the fact remains that the rising tendency of the share market, which prevailed for two years, has been checked and, of course, a reduction of taxation would make it rise again. And so the Government's stock has fallen along with other stocks.

It is, however, in the countryside that the main political activity is taking place to-day, and that the attack on the Government is being most vigorously pressed. With all the ardour of a holy war the Government's Nationalist opponents are rushing into the fray, and no efforts are being spared to set the countryside ablaze. One of the interesting developments in South African political affairs is the use to which the motor vehicle is being put. For every country meeting, fleets of cars and lorries are used to transport supporters of one side or the other, with a

view to winning some minor tactical advantage in the form of a vote of confidence or no confidence. As a result, countryside meetings have become mere demonstrations and the speakers are just pawns in the game, exercising no influence on the opposing factions, whose minds have been definitely made up beforehand. A typical instance of the way it all works may be recounted. A United party member of Parliament went to address a meeting in an outlying village in his constituency. He found 1,000 people awaiting him, though the total population of the village, including children, does not exceed 500. At a preliminary skirmish over the election of a chairman the United party proved to be slightly in the majority. The meeting then proceeded in quite a normal way, but the member noticed that question-time seemed to be unduly protracted. At last it ended with the appearance of four motor lorries crammed with Opposition supporters. After the first vote the lorries had been sent off to fetch reinforcements in a town thirty miles away. With the help of these reinforcements a vote of no-confidence was duly passed.

Such is the spirit of the political struggle in South Africa to-day. For the moment, certainly, the tide seems to be flowing against the Government. It must not be forgotten, however, that its position is an exceedingly strong one. It has the support of the great mass of moderate opinion in the country. Its opponents largely cancel one another out. It is very doubtful if between them they will at the next election win enough seats to place the Government in danger—and even if they do, they can hardly be expected to co-operate very effectively. But there is always reason to be apprehensive in regard to sentimental reactions in South Africa, and while present tendencies may spend themselves before much harm is done, at the moment they still seem to be gathering rather than losing force.

II. The Provincial Problem

It is customary for states that have come into being as a result of the federation or union of smaller communities to find themselves embarrassed from time to time by the question of the relation between the parts and the whole. South Africa, with its recurring provincial problem, is no exception to the rule. When last that problem was dealt with in these pages* the political difficulties attaching to it were emphasised, and the policy of the Nationalist Government of that period indicated. That Government stood committed, it was explained, to a policy of abolishing the Provincial Councils, which represent the main concession to federalism in the Union's constitution, and developing the system of local self-government, but it was prepared to hasten slowly. Many things, it was added, might happen before the legislation that had been foreshadowed was introduced.

Many things have in fact happened. Once again it has been shown that often threatened institutions, like threatened men, live long. The Government's adoption of an abolition policy provoked violent opposition in Natal, and was one of the factors in the so-called devolution movement in that province, which at times declared as its aim the secession of Natal from the Union, while at other times the lesser objective of a constitutional reversion to federalism was advanced.† The South African party, which drew much of its support from Natal, also declared against abolition, and, through its leader General Smuts, expressed itself in favour of an extension of provincial powers. Within the Nationalist party an acute difference of opinion arose, and many loyal supporters of the Government refused to support its provincial policy. Not without considerable difficulty in securing members willing to serve, a Commission was appointed which was to devise, virtually on

* See The Round Table, No. 85, December 1931, pp. 195–200.

† See The Round Table, No. 88, September 1932, pp. 895–898.

the assumption that the Provincial Councils were to disappear, an expanded system of local government to provide for the conduct of present provincial functions. But the Commission aroused no enthusiasm. In some parts of the Union it was virtually boycotted, and an element of farce came to attach to its proceedings. The upshot of it all was, that while five or six years earlier abolition had been a popular cry, resisted apparently only by the Nationalist Government, yet when that Government took over the cry it found no prospect of getting sufficient popular support to translate it into action. To General Hertzog, therefore, coalition provided a not altogether unwelcome way out of the *impasse*. One of the terms of the coalition agreement read as follows :—

> The status of the Provinces will be maintained. This will involve an inquiry into the financial relations between the Union and the Provinces. In this connection favourable consideration will be given to the extension of provincial powers and functions within the framework of the South Africa Act.

At the same time it was affirmed that the unitary basis of the constitution would be maintained.

One of the first acts of the new Government was to relieve the functioning Commission of its task and to appoint a new Commission in the light of the coalition agreement, with terms of reference that implied the continuance of the Councils and a possible extension of their powers. This Commission submitted its report, after 18 months of investigation, at the end of last year, and this has provided the starting point for the Government's handling of the problem during the last session of Parliament.

The report was a somewhat disappointing document. Its value was impaired by a lack of unanimity, but apart from that many of its recommendations were obviously impracticable, and it contained little that gave evidence of real statesmanship. The new subsidy basis that it proposed stood condemned from the outset. Yet it undoubtedly served a most useful purpose. It provided a forum for

the airing of grievances and the enunciation of views, it kept the main issue in suspense while the feelings aroused by the Natal devolutionist movement died down, and it at least stated clearly the problems with which the Government had to deal. The result of it all is that, though no one would claim that an absolutely final settlement of the question has been arrived at, important advances have been made in certain respects, and the immediate issues have been dealt with and removed from the political arena with a measure of general acceptance that is little short of amazing in view of the sharp divergences of opinion that prevailed in the still quite recent past.

The provincial problem in South Africa has three aspects—financial, constitutional and administrative. Of these the financial problem—with its twin questions of provincial taxing powers and of the basis and extent of the subsidies paid to the provinces by the central government—had been forced into prominence by the fiscal difficulties into which the depression had plunged the provinces, notably the Free State, a purely agricultural area with limited taxable resources. The new settlement has made only minor changes in the basis of subsidy, but it allows for increased special subsidies to the Free State and, to a lesser extent, to Natal. It removes also the limitations hitherto operative on provincial powers of taxing persons and incomes. These changes, together with the return of prosperity, have placed the provinces in a sound financial position, enabling most of them either to remit taxation or to repay debt. For some time at least their financial difficulties should be at an end.

The constitutional side of the problem has two facets—not entirely unrelated—the extent of provincial powers and functions and the anomalous position of the Executive Committees over against the Provincial Councils, to which they are not responsible. In regard to provincial powers it has been enacted that certain additional functions such as irrigation, land settlement, labour colonies, and afforestation may be assigned to a province at its request " to the extent

and subject to the conditions to be defined by Parliament." This is a concession to the devolutionists and the federalists of two years ago, but it is little more than a paper concession. No provision is made for financial assistance to a province in carrying out these functions, and it is accepted as most improbable that any province will in fact ever ask for them. In regard to the relation between the Executive Committees and the Councils no change has been made. To make the Executive Committees responsible to the Councils is regarded as a step towards federalism, and such a step the Government is loath to take. And in the last resort no province, not even Natal, seriously urged that it should be taken.

Finally there is the administrative aspect of the problem —the question of a demarcation of Union and provincial functions so as to avoid overlapping and to secure the adequate co-ordination of such activities. The present demarcation, in matters such as education, public health, and transportation, is very largely an attempt to divide the indivisible. Overlapping has led to inefficiency, and the centralising tendencies of certain Union departments have stimulated distrust among the provincial authorities. The new policy marks a reversal in this regard. The provinces have been made to feel that they will have the maximum of freedom in their own spheres, subject only to their willingness to co-operate with one another and with the Union Government on a voluntary basis, and to this end a permanent consultative committee, representing the four provinces and presided over by the Minister of the Interior, has been set up. Although this is to be a purely advisory body, it has already shown promise of becoming a most useful piece of machinery, and if it can succeed in eliminating overlapping and securing effective co-operation it may, by removing not the least of its weaknesses, play a big part in the maintenance of the provincial system.

South Africa.
July, 1935.

NEW ZEALAND: THEN AND NOW

A Retrospect from the Hundredth Number of THE ROUND TABLE *to the First.*

I. THE DANGER OF EMPTY SPACES

IN the first number of THE ROUND TABLE, and in the fourth number in 1911, the writer of the New Zealand article sketched "the peaceful invasion" by which the Japanese were becoming the predominant Power in several Pacific islands with great strategic possibilities. He went on to depict the danger to New Zealand, which, he contended, with its great and varied resources and genial climate, could maintain ten million white people in a high state of comfort, yet then possessed a population of scarcely a million. The article in the next number declared that New Zealand needed population more urgently than any other part of the Empire except Australia, and quoted a New Zealand writer as saying: "One may sympathise with efforts to keep races distinct and pure, to preserve New Zealand as a white man's country. But we fear that it is Mrs. Partington and her mop again." How does New Zealand stand to-day, almost a quarter of a century later, in respect to increasing her population, filling up her empty spaces, and providing herself with adequate means of defence?

To-day's prospect must be pronounced more gloomy than it was in 1911. On Empire Day, 1935, Air-Marshal Sir Robert Clark-Hall, president of the Canterbury branch of the Navy League, looking ahead for a century or so, and seeing the prospect of New Zealand faced with a diminishing

population, while in the western Pacific and Asia—as her nearest neighbours—were "a number of nations with teeming millions, a rapidly increasing population, industrious, content with a low standard of living, and overcrowded in their own countries," found it "difficult to conceive that within a couple of centuries, or perhaps one or even less, these islands will be ruled or in the main part inhabited by Britishers, or by a white race, or by a Christian race." He thought it possible that a compulsory alteration to our immigration laws might be imposed upon New Zealand by some international body. Mr. A. E. Flower, the president of the Canterbury branch of the Royal Empire Society, followed in the same strain, declaring that :—

> Before long there must be a rearrangement of colonies and mandated territories, and if the uneven world distribution of food and population is not remedied, man will come to the food, to the vast open spaces, thinly peopled, where food can be got. Our urgent problem is to populate those areas with the right type of people, and, in case of need, to defend them.

The prescription of the Air-Marshal for protecting our freedom and rights was "a united Empire of the British peoples, prepared for the threatening of such rights either by warlike or by peaceful political methods."

Unfortunately, the facts justify these pessimistic prognostications. The population of New Zealand proper to-day, including some 70,000 Maoris, is only just over a million and a half, and of that total 52,000 were on May 11, 1935, a charge on the Unemployment Fund. In the years ended March 31, 1932, 1933, 1934 and 1935, the "permanent" departures from New Zealand exceeded the "permanent" arrivals by 556, 1,456, 1,732 and 2,002 respectively. Except for the years 1888, 1890 and 1891 (also slump years), these are the only instances of an excess of departures over arrivals. This leakage of population is not counteracted by the natural increase, for the country is approaching the dangerously near stationary

point where births just balance deaths. Our present margin over stagnation in population trend is a very slender one.

Mr. Thomas's remarks to the representatives of the oversea Dominions in London at the celebration of the King's Silver Jubilee, together with the warning given by Dr. G. C. Billing in his address to the Science Congress at Dunedin, on "Some Economic Effects of a Stationary Population," have led to a discussion of the problems of our population in the leading articles of the press. The danger is pointed out that a country sparsely populated may be a temptation to other nations; the overhead expenses of its development become out of proportion to the people served; while, as the birth-rate declines and the expectation of life increases, the proportions in the middle-age and old-age groups tend to increase, and this has an effect on the kind of goods in demand. All the writers agree upon the necessity of immigration to increase our population, but they fail to suggest any practical measures for immigration on a large scale, or how we are to solve the paradox of limiting our production and increasing our population at the same time. While some consider that our requirements are more suited to "infiltration" by the individual and the family than to planned group settlements established under expert supervision, others advocate a programme of planned immigration. It is generally agreed that a youth immigration policy should be encouraged, and that a revival of migration must be preceded by the removal of trade obstacles and an increase of Empire trade all round. The Christchurch *Sun* (April 24), however, sounds a different note when it says:

> It is a curious fact that at a time of depression like this the experts tend to argue about economic principles and to forget the human element. Nothing is more certain than that the overseas Dominions would have had to wait a long time for development if these principles had been insisted on a hundred years ago. Men and women who came to New Zealand, for instance, did not worry their heads in the

least about a market. They were concerned about making a living for themselves and not about selling produce, and it would do the Empire a world of good if both the people of the Mother Country and the Dominion Governments were to forget the problems of markets for a while, and indulge in a little heretical faith in human nature.

II. New Zealand and Japan

SINCE 1911 New Zealanders have acquired a greater knowledge of the Japanese, a better appreciation of the difficulty of their problems, and a more sympathetic attitude towards the actions of Japan. Every year, too, they are making more and more friendly contacts with the Japanese, of whose unremitting courtesy and attention to tourists returned New Zealanders all speak in the highest terms. In the war Japan was our ally, and her warships escorted our main body of troops from our shores. During the war Japanese merchants had their opportunity, and their goods began to enter our markets, only to acquire a reputation calculated to kill Japanese trade. Lately, the influx of Japanese goods of improved quality at prices with which British goods cannot possibly compete has placed the New Zealander in a dilemma. He desires to "buy British," but Great Britain is restricting his market. He must look for new markets in the East, and if he is to sell to China and Japan, he must buy from those countries. While, however, they are anxious to sell to us, there seeems no market at present in Japan for our meat and dairy products.

Our travellers, too, realise from their conversations with Japanese that the latter appreciate what they conceive to be the situation. "You British," says one, "are all for the League of Nations and the maintenance of the *status quo*. The *status quo!* All very fine for you, having got the best parts of the world, to support the *status quo*. We are in the position that you were in when you founded your

Empire. We have earned our right to a place in the sun, too, and if you will not people your empty spaces, you must make way for Japan, which has the people, the civilisation and the power to acquire a great empire."

Another, with a twinkle in his eye, chaffs the New Zealand tourist about a farmer who owns a big farm and cultivates only a little part of it with a few men, while his crowded and starving neighbours just across the fence are shut out from the land that would support them. "What would you say of that farmer ?" asks the Japanese. The New Zealander, hard put to it, counters with, "Oh, but the farmer is keeping the land for his sons when they grow up." His shrewd interlocutor, well acquainted with the falling birth-rate, asks : "But if he isn't raising sons to follow him ?"

The New Zealander regards with concern Japan's premeditated action in Manchuria and the setting up of the Manchukuo puppet State, contrary to the Covenant of the League, her unprovoked attack upon Shanghai, her withdrawal from the League, and her demand for equality in naval armament and denunciation of the Washington Treaties, although the present ratio of 5 : 5 : 3 assures her safety in the Pacific. He has a strong suspicion that she has fortified her mandated islands contrary to her treaty undertakings ; and he regards Japan's recent move in northern China as a part of a prearranged scheme to make herself mistress of China, to slam the Open Door, and to brook no interference of Occidentals, not even the friendly assistance of the League of Nations, in establishing the stability of China. Despite the assurances of our Japanese visitors—a naval squadron, a trade delegation, and the great Christian reformer, Dr. Kagawa, who has impressed us all not only by his sincerity, but also by his wide knowledge and practical outlook on our scientific, industrial, social and agricultural activities—that there is nothing to fear from Japan, whose intentions are strictly pacific, the New Zealander recalls Mr. Downie Stewart's warning at

the Banff Conference of the Institute of Pacific Relations in 1933, that it looked as if we were approaching one of those crises in history at which the urge and pressure upon a particular nation compelled a conflict. We may console ourselves by the reflection that Japan has bitten off as much as or more than she can chew in Manchuria and China for some time to come; but Professor Toynbee, in *Pacific Affairs*,* harrows us by his declaration that the drama which we are witnessing in the Pacific is not a tragedy in one act and the completion of the Japanese conquest in Manchuria the end of the play, but that it seems more probable that there are further acts to follow and to be played out to their tragic conclusion on a larger stage. New Zealanders, then, desirous of increased friendship and trade with Japan, but determined to persevere in their policy of a white and, as far as possible, a British New Zealand, have the question of the defence of that policy ever before them.

III. Defence and Peace Policy

NOTHING is more striking in a perusal of the first 99 numbers of The Round Table than to see how large a part of the New Zealand article is given up to defence, and particularly naval defence, a question of vital importance to us in consequence of our distant and isolated position, in contrast to that of Canada and South Africa, who are little troubled by the threat of external attack. In 1911 an increase of our naval subsidy is urged. Then we turn our attention to compulsory military training and a national training scheme. We are ready to play our part in the Great War, in which by the adoption of conscription and the despatch of regular reinforcements the New Zealand Division is kept up to full strength right until the armistice, the only division in the Allied armies in this proud position. In 1913 we envisage naval co-opera-

* March 1934.

tion between Canada, South Africa, Australia and New Zealand for the defence of the Pacific, with battleships based on Colombo and Singapore, but the growing move for the independence of the Dominions results in the formation of separate Australian and New Zealand fleets, the latter in time of war automatically passing under the control of the British Admiralty. The war points to Germany and not Japan as the danger for the time being, and in 1919, before we get the mandate for Western Samoa, it is declared to be essential that Germany should not again be given a foothold in the Pacific. After the war the inevitable reaction sets in. Pacifism begins to coax with its persuasive tongue, bidding us "*Hang up* your ensigns, let your drums be still, For here we entertain a solemn peace," and the stringency of the depression leads to the break-up of our national training scheme. But the continued unquestioning loyalty of the people to the Mother Country is illustrated by the response to the call for volunteers when in 1923 the Chanak incident threatened to provoke war between Great Britain and Turkey, and in a couple of days 12,279 officers, nurses, and men volunteered for service. And all through the New Zealand articles we find the one note sounding: "The very existence of Empire depends upon the imperial navy," followed by the query, "But where is the imperial navy?" and by the assertion that the Dominions are neglecting one of the fundamental obligations of nationhood, namely, naval defence. New Zealand backs her opinion by a substantial annual contribution towards the Singapore base.

For a while the League of Nations with its plan for collective security affords us an illusory protection; but when Articles 10 and 16 are realised to be dead letters, and the League, like our early British Resident Busby, to be "a man of war without guns," when first of all Japan defies it in Manchuria, and China appeals in vain to the League for protection, when Germany, with her Aryan megalomania, disregards her covenants in Europe,

and both secede, and when it is seen that all an aggressor need fear is a mild protest, the security of the League is felt to be "collective insecurity." During the last couple of years, the critical situation both in Europe and the Far East, communications from the Imperial Government, the conference of admirals at Singapore, and the visit of Sir Maurice Hankey, have forced our Government to take steps to make New Zealand less defenceless. The possibility of defence by air against naval attack has made the provision of suitable aerodromes, and the decisions of our Transport Board upon applications for air services, of the first importance.

In New Zealand, as elsewhere in the Empire, the problem of how to secure peace, to defend your own country, and at the same time to put a stop to the increasing race in armaments has been keenly discussed and a variety of opinions have been expressed. The different phases of thought are perhaps best exemplified in the proceedings of our Returned Soldiers' Association, whose members, while realising the necessity for adequate defence, know by bitter experience what a hell war is and desire to avoid another Armageddon. At the annual conference of the Association in June there was a division of opinion between those who relied upon the League of Nations as the instrument through which they should work, and those who, while supporting the League, believed that peace could best be maintained by a strong British Commonwealth of Nations.

The retiring president, Major-General Sir Andrew Russell, a prominent spokesman of the latter class, considered that the League of Nations had within itself all the reasons for failure, the chief being that there were represented at Geneva nations whose interests and policy were not, however disguised their utterances might be, wholly and solely for peace, and suggested that collective security could best be achieved by a strong league on the part of the British Commonwealth of Nations, divorcing

itself from European entanglements. He proposed to the conference the following scheme for collective security translated into objective reality by the British Commonwealth:

(1) Declaring its policy to be that of peace, implemented by armed forces adequate to secure such policy in case of aggression.

(2) Inviting such nations as subscribe, in fact, to a policy of peace to join with the Commonwealth, therewith consenting to pool their resources and armed strength in defence of a policy of peace.

(3) Members of such pool withdrawing from all foreign entanglements, and announcing their intention to abandon all guarantees now in existence as they expire.

(4) Pledging themselves to submit any matters of internal dispute to a conference set up among members of the pool, and to abide by its decision.

(5) Granting to all members of the pool free access to raw materials of which one may have a superfluity and another deficiency.

(6) Maintaining neutrality in the event of war among non-members, unless such war should affect adversely the well-being of any member of the league.

(7) Continuing membership of the League of Nations, as an instrument for discussion of difficulties between themselves and nations outside the pool.

These resolutions, he asked, should be forwarded for consideration by the British Empire Service League, the conference merely giving publicity to certain views without definitely committing itself. The conference did not examine the practicability of the scheme in any way or consider how Great Britain could possibly free herself from European entanglements, but decided to send Sir Andrew's proposal on for consideration. Immediately afterwards it expressed its support of the League of Nations, and "while considering that under present circumstances the increase in armaments recently proposed by the British Government was necessary and unavoidable" recorded "its conviction that the safeguarding of world peace necessitated loyal support by public opinion to the principle of collective security against an aggressor."

A minority endeavoured to prevent any comment upon or discussion of defence matters by the council until a plebiscite of financial members of the Association had been taken. The "remit" to which they raised objection called the attention of the Government to

(*a*) the inadequacy of the present defensive measures, (*b*) the vital necessity of bringing sea, land, and air forces to a state commensurate with our responsibilities both to New Zealand and the Empire, (*c*) the need for greater attention to the training of both commissioned and non-commissioned officers, (*d*) the necessity for the immediate preparation of a plan for conscripting the whole of the country's economic resources as well as its man-power in the event of war.

The majority, however, followed the lead of the new president, Hon. W. Perry, M.L.C., in holding that while the constitution of the Association was non-political, national defence was above party. The resolution was carried by a large majority.

IV. The Constitution of the Commonwealth

AS New Zealand has always been sea-minded and has realised that the Empire is a sea-empire and must be defended by adequate naval forces (and now aerial forces as well) to which the Dominions must contribute their fair share, if the Empire as a whole and they themselves as individual nations are to endure, so in constitutional matters her attitude has continued substantially the same from 1911 to 1935. From 1911 onwards there is always the same complaint, that our Governments do not give Parliament the opportunity of debating matters of great imperial import and educating the people with regard to our duties and responsibilities as a unit of the British Empire. A welcome change was made in this respect when Mr. Forbes on February 19 last made his statement in the House of Representatives upon the present inter-

national position. On that occasion our Prime Minister showed that New Zealand's attitude in 1935 was as it had been in 1911, and as was indicated by New Zealand delegates at the Toronto Conference in 1933, namely: "There must be no blinking the fact that if Great Britain became involved in war New Zealand would also be involved in war."* While New Zealand has always favoured some scheme of organisation whereby the Dominions should have a voice in questions of foreign policy and common interest, so that they should not be committed to war or involved in expense without their consent, she has steadily resisted the gradual movement towards independence of the Dominions, whereby they acquire all the rights of nations but decline to recognise any obligations to the Mother Country or their fellow Dominions, and leave to the former the whole naval defence of the Empire.

Sir Joseph Ward's well-intentioned, but impossible and contradictory, proposals to the Imperial Conference of 1911, namely, a motion for the creation of a permanent advisory council representing the self-governing Dominions as well as the British Isles, and a scheme outlined in his speech for the creation of an Imperial Parliament with legislative power in imperial affairs and an executive not responsible to this parliament but to the electorates of the United Kingdom and of the Dominions, illustrate the fact that our Prime Ministers are so occupied with their own parochial problems that they have little or no time to study and really master the constitutional problems involved in the development of the British Commonwealth of Nations. New Zealand, moreover, makes few international contacts with foreign nations, but avails herself of the services of the British Foreign Office. Had Sir Joseph Ward's proposals been discussed by parliament or press before he made them, they would at all events have been put into such a form as would have given Mr. Asquith no oppor-

* See The Round Table, No. 99, June 1935, p. 646.

tunity for his crushing criticism, that authority in the conduct of foreign policy or the declaration of war cannot be shared between two or more executives. For the time being any serious consideration of a federal body for the Empire was scotched, although THE ROUND TABLE pointed out in August 1911 that

> if the Empire is to continue, two changes will be necessary. The control of Imperial and foreign affairs will have to be divorced from the domestic party politics of the British Isles. And the Dominions, *while gaining a real share in the control of Imperial and foreign policy*, will have to throw in their lot unreservedly with the United Kingdom and with one another in defending and promoting those "common interests" which the Empire exists to serve.*

To that proposal New Zealand would have subscribed in 1911 and would still subscribe in 1935.

But the Great War came upon us and the part the Dominions played in it led to the rapid development of Dominion nationalism, a demand for complete independence, and a determination to merge no part of their individual sovereignty in an imperial organisation in which representatives of all units could formulate a common policy or common measures of defence. The recognition of the Dominions as separate nations at the Peace Conference, and the signature of the Treaty of Versailles by their separate representatives, raised no thrill in the hearts of thoughtful New Zealanders, but rather a feeling of apprehension concerning this "immense change" in the British constitution, "that may give rise to the greatest conflict between the different component parts of the Empire." These were the expressions used by Mr. Downie Stewart in the debate in the House of Representatives on the Treaties of Peace Bill, in the course of which, with his usual clear mind and foresight, he pointed out to the somewhat confused Mr. Massey that

> instead of this being an act, as popularly supposed, to bring together more closely the component parts of the Empire, it may be that it

* See THE ROUND TABLE, No. 4, August 1911, p. 418.

was really the first and most serious step towards obtaining our independence and treating ourselves as a sovereign power. If that is so, a most anomalous position arises, because you cannot have citizens in a Dominion like this owing duty and loyalty to two separate sovereign powers.*

In 1922 the New Zealand article again stressed the fact that the more the other Dominions have insisted on the glories of the new status (in the League of Nations) and the recognition that it implies of their emergence into independent nationhood, the more uneasy has been New Zealand's apprehension that it is really leading the Empire towards disintegration. The article regretted that the faith which recognises that the Dominions cannot both eat their cake and have it, and that an Empire with six different policies must end in chaos and disruption, had rarely made itself heard.

That great jurist, Sir John Salmond, declared that at the Washington Conference the significance of the presence of representatives of the Dominions was that they had now been given a voice in the management of the international relations of the British Empire as a single, undivided unity, relations which were formerly within the exclusive control of the Government of Great Britain. This was all that New Zealand has ever desired. In the discussion in the House of Representatives on the Conference report, Mr. Massey referred to his telegram to General Smuts declining to protest against the absence of invitations to the individual Dominions, and declaring it to be much more important that the Empire should speak with one voice and with no uncertain sound.

This apprehension concerning the effect of separate representation of the Dominions on the League of Nations doubtless accounted for a certain lukewarmness on the part of New Zealand's statesmen towards the League itself, as likely to be another factor in the disintegration of the Empire, which they, like Sir Andrew Russell, regard

* See The Round Table, No., 38, March 1920, pp. 469–470.

The Constitution of the Commonwealth as the best nucleus for a real and not a sham collective security.

The same attitude is seen manifesting itself in the discussions at the 1926 Imperial Conference on the Balfour formula, and in New Zealand's objection to the Statute of Westminster. Our Parliament passed the petition for the Statute in order not to stand in the way of the larger Dominions of Canada and South Africa, but it excepted New Zealand from the operations of the Statute. In New Zealand, as Mr. Forbes said in 1931, "we have not in any way been embarrassed by the terms of our association with *His Majesty's Government in the United Kingdom, nor* have we been restricted in the control of our affairs." And his opponent, Sir Francis Bell, himself a great constitutional lawyer, congratulated the Attorney-General upon advising, and the Prime Minister upon adopting, the provision

> which has the effect of declaring that New Zealand is not one of the Dominions that seeks to hold power or right beyond her territorial limits, or to enter into relations with foreign Powers except *through the ambassadors of His Majesty.*

As in 1911, so in 1935, we are content with our status in the British Empire and do not desire to alter it; we view the steady disruption of the Empire with anxiety, and we are in accord with The Round Table in its view that "the arguments for a collective Commonwealth defensive system are overwhelmingly strong."* To the question put by The Round Table,

> Whether the security of each unit of the Commonwealth will be better ensured by a policy of local defence and masterly inactivity in the wider world field, or by positive and united action both in the diplomacy of the collective system and in responsibility for enforcing its obligations,†

we are unanimous for the latter alternative. We agree with Mr. Forbes that "the wider the powers of the individual

* See The Round Table, No. 96, September 1934, p. 713.

† See The Round Table, No. 98, March 1935, p. 233.

Governments (of the Commonwealth), the greater the need, and the greater the difficulty, of co-ordinating their activities into a common policy."

V. Responsibility to Native Races

NEW ZEALAND'S confidence in Great Britain's administration of native territories was indicated by the reluctance with which she accepted the mandate over Western Samoa. She regarded it as an unpleasant surprise, saddling the Dominion with an onerous and costly responsibility; and some of our journals at the time were of opinion (and still remain so) that the trust should have been given to Great Britain rather than to New Zealand, who possessed no officials trained in native administration. While it is true that the Samoan problem is one of "extreme delicacy and difficulty," and that the Samoans, with their long record of intrigue, their capacity for oratory rather than practical action, and their conflicting chiefs and factions, are an extremely difficult people to govern, our troubles have been aggravated by our Government's appointment of New Zealand administrators with a good military record but totally ignorant of the native language, customs and traditions, and, indeed, of the first principles of ethnology, when we could have obtained from the British Colonial Office experienced officials, successful in dealing with native problems. In fact, although New Zealand has now several native races under her control—the Maoris, Cook Islanders, Samoans, and inhabitants of other islands—she has not yet arranged for any system of special education or qualifying examination for the officials entrusted with the destinies of the natives. The late Professor Macmillan Brown, Chancellor of the University of New Zealand, who died at the beginning of the year, has left, subject to life interests, substantially the whole of his fortune, estimated at about £80,000, to Canterbury

University College to found a school of Pacific studies; and among its objects are to be the education and training of officials dealing with the native races in New Zealand's territories. But in the ordinary course half a century will elapse before effect can be given to his intentions. In the meantime, in the absence of any ethnological knowledge on the part of our Government or administrators, a certain section in New Zealand not unnaturally attributes the unrest in Samoa to our failure to give the Samoans self-government; whereas a trained observer like Mr. F. M. Keesing, in his *Modern Samoa*, shows that the Samoans are quite incapable of governing themselves, a fact that makes the appointment of properly qualified administrators all the more necessary. Australia, on the other hand, after a similar experience in New Guinea, has made provision for the training of officials.

Lord Lugard submitted at Geneva that it is impossible to conduct such an administration with any chance of success by men who come for only two years, who know nothing of the people, who cannot stand the climate, and who are looking forward to going back to New Zealand; and he offered suggestions, in the form of questions, for the employment of New Zealanders or British officers who have had long experience in dealing with native races and who are acclimatised to the tropics, and for sending a trained anthropologist or psychologist to report on the situation from the viewpoint of the Samoan chiefs and people. His words are welcome as likely to carry weight with our Government, coming from so famous and experienced an administrator of native peoples, whereas similar local criticisms have always been disregarded. Lord Lugard's criticisms have received comparatively little publicity, and our lack of touch with Geneva is shown by the fact that when *Truth* (Wellington), which gave them prominence, called the attention of the Acting Prime Minister to them last April, Mr. Ransom said it was the first he had seen of the report of the Commission's discussion on the mandate.

Now that the present administrator, General Hart, is retiring, we shall see whether the criticisms have any effect upon the present Government, or the Government which may take its place as the result of the coming election, or whether the appointments will continue to be military and political.

Apart from this vital defect, it is admitted by even the most severe critics of the Government that its policy and measures have been actuated by only one consideration, trusteeship for the natives to do the best for their welfare.

VI. International Affairs

IN one of the early numbers of The Round Table the people of New Zealand are described as taking little interest in imperial affairs, largely owing to the neglect of our Government to communicate to parliament and people the proceedings at conferences in London, or to give opportunity for discussing imperial affairs. There has been a great advance during the last quarter of a century in the New Zealander's knowledge of and interest in international affairs. He has begun to realise that happenings in the Far East may be of vital importance to him; he has seen democracies fall and dictators take their place, with the total suppression of freedom of thought, speech and religion; he has realised that, vulnerable as England was at the time of the Great War to the submarine menace, she has become still more vulnerable to attacks from the air. The formation of societies interested in world affairs and having an international outlook, such as the League of Nations Union, the Institute of Pacific Relations (probably the most potent factor for increasing international interest owing to the personal contacts made by the New Zealand delegates with representatives of the other peoples of the Pacific at the Institute's triennial conferences),

the English Speaking Union, and more recently the New Zealand Institute of International Affairs, has done much to make the New Zealander more internationally minded. For some time the press regarded bodies like the I.P.R. as mere debating societies whose discussions had no practical value and provided little "copy." Recently, however, the press has realised the importance of the opinions expressed at such conferences as that of the I.P.R. at Banff and the British Commonwealth Relations Conference at Toronto in 1933, and has given full reports of the proceedings.

There is, too, a widespread desire on the part of all sorts of bodies to get addresses from the delegates on their return, so as to obtain first-hand information on the facts behind international disputes, and a background for understanding the news in the cables. This desire is as keen in the schools as anywhere, and delegates from the Shanghai Conference had large audiences of schoolboys and girls anxious to understand what was really going on in China and Japan and what prevented the Chinese from getting together, establishing sovereignty and stability in their own country, and offering an effective opposition to Japan's demands and encroachments upon their country. Last year the Y.M.C.A., with a view to enabling the youth under its care to contrast the various social systems that were in operation, arranged talks by competent speakers on communism, fascism, capitalism and British democracy. Many teachers are devoting more and more time to Pacific history and geography, and advocating that these subjects should be taught and our textbooks framed from the Pacific and not the Atlantic angle. Competent speakers "over the air" keep us informed upon world affairs.

The press, too, is giving its readers a good supply of world news. With all the defects that some critics attribute to a capitalistic and one-sided press, the New Zealander has only to go to America and read the papers there to realise what a wealth of information about the

outer world is at his service in the daily newspapers here (with intelligent editorial comment), compared with the absence of news about external affairs and apparent indifference to them in all but a few of the American journals. The idea that because New Zealand is the most isolated country in the world therefore she is the least interested in world affairs is quite erroneous. The New Zealand press is distinguished by the excellent information that it gives to its readers on current events in every part of the globe, not only in its cable service, but also in its quotations from articles carefully selected from papers and journals of authority.

The hundredth number of THE ROUND TABLE, then, finds the New Zealander more internationally minded but with the same passionate loyalty to England and the Empire that he had when its first number appeared. England is still Home to him, despite all the jeers of Mr. Bernard Shaw. In the doldrums of the depression just now, he is perplexed by the adverse and baffling trade winds, uncertain whether a hurricane is coming from the northern Atlantic or from the Pacific, lying to for the moment, but, with British determination, ready, if his comrades in the good ship Commonwealth stand by him, to face and weather with them a gale from whatever quarter it may come, or however full a blast may "shake our battlements."

New Zealand.
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THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about Imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE BRITISH COMMONWEALTH

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THE LEAGUE IN CRISIS

I. Sir Samuel Hoare's Speech

HISTORIANS may come to declare that September 11, 1935, marked a fateful turning-point both for the British Commonwealth and for the world. During the preceding five years the new international order set up in 1919 by the Covenant of the League had received blow after blow. In 1931 Japan invaded Manchuria with impunity, contrary to all her obligations, and later she renounced her membership of the League. Year after year the dreary slaughter dragged on in the Chaco, without the League's being able to do anything effective to end it. In 1933 Germany left the League because it had proved itself unable to give her the "equality" she had been promised. Her withdrawal was the death-blow to the Disarmament Conference. Even as late as last March the National Government had issued a White Paper justifying an expansion in armaments on the ground of the manifest inability of the League system to guarantee security to its members. It is not too much to say that in the early summer of this year the majority of people abroad, and probably in the British Commonwealth also, thought that if Signor Mussolini attempted to annex Abyssinia by war, as seemed increasingly probable once large Italian troop movements to East Africa began in February last, the League would protest, but that its action was not likely to be more effective than were its vehement and almost unanimous protests over Manchuria. It was apparently in that belief that M. Laval, during his negotiations with Signor Mussolini for an entente against Germany, last January, stated informally that France would disinterest

herself, at any rate economically, in Abyssinia, which she regarded as an Italian "sphere of influence" in accordance with the treaty of 1906. That the Abyssinian question was not even mentioned officially at the Stresa Conference in March seems to show that the British Government also at that time had no clear intention of attempting to get the League to bar the Italian road.

This drift away from the League and towards a renewed military alliance system * was dramatically challenged by Sir Samuel Hoare in the resounding speech that he delivered at the League Assembly on September 11. Two explanations are given for that speech. The charitable explanation is that once it became clear, after the three-Power conversations in Paris early in August, that Signor Mussolini intended to deal with Abyssinia by war, the British Government—with a new Foreign Secretary more capable of decisive action than Sir John Simon—realised it was faced with two inexorable alternatives: either to throw over the League as an effective instrument for dealing with a great Power, or to declare its willingness to fulfil its obligations under the Covenant, provided its fellow-members would do so also; and that the Government decided upon the second course in the hope that even at this last moment the League system could be revived and made an effective alternative to the rapidly returning alliance system. The uncharitable explanation is that, faced by the results of the peace ballot organised by the League of Nations Union,† in which 10,000,000 persons voted in favour of supporting the League, including the use of economic sanctions, and by the approach of a general election, a divided Cabinet decided that it must show its willingness to stand by the League—some in the hope that the League, thus supported, would succeed after all, some in the belief that other nations would default on their obligations under the Covenant and so enable Great Britain also to

* See THE ROUND TABLE, No. 100, September 1935, p. 663.
† *Ibid.*, p. 697.

escape from obligations that were likely to become increasingly dangerous and onerous in a world in which the United States, Germany, Japan, Brazil and now possibly Italy were outside the League.

Whatever the complex of motives that led to the decision, it was quite unequivocal when it came. Sir Samuel Hoare summarised the "inspiring conception" that had aroused such high hopes among all nations at the end of the war, in the following words:

> The two principal conditions in which the system of collective security is designed to operate are, first, that the members of the League shall have reduced their armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations; secondly, that the possibility is open through the machinery of the League for modification by consent, by peaceful means, of international conditions whose continuance might endanger peace. Finally, to complete the system, there is an obligation to take collective action to bring the war to an end in the event of any resort to war in disregard of Covenant obligations. Underlying these obligations was the expectation that this system would be subscribed to by the universal world of sovereign States, or by far the largest part of it.
>
> On behalf of the United Kingdom Government I can say that they will be second to none in their intention to fulfil within the measure of their capacity the obligations which the Covenant lays upon them.

"But," he added, "if the burden is to be borne it must be borne collectively. If risks for peace are to be run, they must be run by all."

Then he turned to the problem of revision and said:

> It is not enough to insist collectively that war shall not occur or that war, if it occurs, shall be brought to an end. Something must also be done to remove the cause from which war is apt to arise. Some other means than a recourse to arms must be found for adjusting the natural play of international forces.

And he went on to suggest an investigation into the question of the fair distribution of colonial raw materials, as a contribution to that end.

Only in his conclusion did he refer, and then indirectly but very decisively, to the Abyssinian crisis.

> In conformity [he said] with its precise, explicit obligations the League stands—and my country stands with it—for the collective maintenance of the Covenant in its entirety, and particularly for steady, collective resistance to all acts of unprovoked aggression. The attitude of the British nation in the last few weeks has clearly demonstrated the fact that this is no variable, unreliable sentiment, but a principle of international conduct to which they and their Government hold with firm, enduring, universal persistence. There, then, is the British attitude towards the Covenant. I cannot believe that it will be changed so long as the League remains an effective body and the *main bridge between the United Kingdom and the Continent* remains intact.

Sir Samuel Hoare's speech made it clear that the period of irresolution had come to an end and that Great Britain was prepared to put its strength behind the collective system represented by the League, in dealing with the Abyssinian crisis, provided other members were prepared to do the same.

The response was immediate and universal. The Dominion representatives one and all rallied to the support of the Covenant. Practically every other member of the League did the same, including Soviet Russia, the latest recruit to collective security. Even France, faced, as will be seen, with by far the most difficult decision, came into line. The debate at Geneva early in September established the fact that at long last a majority of members of the League were agreed that a real test should be made of the efficacy of the League system, first in providing security against aggression under Article 16, and second in bringing about revision of out-of-date conditions by pacific means under Article 19.

II. Sanctions

THE course of events since that time can be very briefly summarised. The League began by trying to formulate a possible basis for pacific settlement. A Committee of Five drew up plans for giving Italian East Africa

security against aggression from Abyssinia and for bringing about reform in Abyssinia itself, including the abolition of the slave trade, under the auspices of the League. The proposals were not very satisfactory because they provided for a kind of condominium in Abyssinia, inherently liable to be frustrated by international intrigue and jealousy, and did not seem to create adequate means for enforcing the authority of the League or the Emperor over the refractory Rases in the outlying districts where the slave trade and the worst excesses of slave-raiding flourished. But the report of the Committee was never seriously considered because Signor Mussolini immediately made it clear that nothing save complete Italian control over Abyssinia, both political and economic, could turn him from his determination to force a solution by war. On October 3 the campaign began with an Italian advance towards Adowa, without any formal declaration of war. Faced with this deliberate challenge to the whole League system, the Council did not hesitate. On October 7, by unanimous vote, it declared that Italy had violated her obligations under the Covenant, and its decision was ratified the next day by the Assembly with only two dissentients, Austria and Hungary. The Assembly forthwith set up a committee of fifty members to consider how the obligations of members to take sanctions against the aggressor under Article 16 should be fulfilled.

On the advice of expert committees the League has adopted one by one the following measures.

Proposal No. 1—*Arms Embargo.* Prohibition of the export of arms and ammunition to Italy, including materials for chemical warfare and all aircraft and aircraft engines.

Proposal No. 2—*Financial Measures.* A ban on all loans, share issues, banking credits and advances for or on behalf of the Italian Government or any person, corporation or public authority in Italy.

Proposal No. 3—*Import Embargo.* Prohibition by League members of the importation of all goods (other than gold or silver bullion or coin) consigned from or grown, produced or manufactured in Italy or Italian possessions. Goods already

[illegible] [illegible] are excepted, but not goods the subject of existing contracts.

Proposal No. 4—Ban on Essential Materials. Addition of certain articles, including rubber, bauxite, iron ore and scrap iron, chromium, manganese, nickel and tin, to the arms embargo list, these being articles the world supply of which is controlled by League members.

Proposal No. 5—Mutual Support. Undertakings to minimise the injury done to League members imposing sanctions, by replacing Italian goods with goods from such members, and generally by facilitating trade relations with them.

A few countries refused to participate in sanctions: Austria, which is, in effect, under Italian control; Hungary, which passionately longs for revision and which is dependent on Italy for its main markets; Albania, in effect an Italian protectorate; and Paraguay. Switzerland has *made reservations on account of her neutral status.* But by November 2 the number of member States who had officially agreed to apply these sanctions was as follows :—

Sanction No. 1	51
Sanction No. 2	51
Sanction No. 3	49
Sanction No. 4	49
Sanction No. 5	41

On November 2, the desperate efforts of M. Laval to find a compromise between the intransigence of Signor Mussolini and the fidelity of the British Government to the League having failed, the League Committee fixed November 18 as the date upon which the economic sanctions (Proposals 3 and 4) should come into full effect. The Assembly having entrusted the task of extending the list of prohibited exports in Proposal 4 to its Sanctions Committee of Eighteen, the latter has adopted a Canadian motion for banning the sale to Italy of petroleum and its derivatives, coal and coke, and iron and steel (including semi-manufactures), "as soon as the conditions necessary to render this extension effective have been realised"—in other words, presumably, as soon as non-League members

who supply these commodities to Italy agree not to expand their exports.

III. The Future of the League

THERE, at the moment of writing, the situation stands. It is far too early, as yet, to estimate what the ultimate outcome of this new, unexpected and fateful British initiative at Geneva will be. We can now only record a few observations and comments on events as they have developed hitherto.

The fact that about fifty nations have been willing, not only to condemn Italy as an aggressor for having invaded a backward country like Abyssinia without having first exhausted the procedure of the League, as she had pledged herself to do, but actually to take economic sanctions against her, is evidence of the extent to which the idea of collective action under the Covenant, as an alternative to the old alliance system, has made progress since 1920. It is quite true that five of the greatest Powers—the United States, Japan, Germany, Brazil and, for present purposes, Italy—are taking no part in this collective action, and that most of those who are co-operating in enforcing sanctions against Italy are doing so, not because they are interested in saving backward Abyssinia from the Italians, but because they hope that, with the British navy behind it, the League can be made into something that will add to their own security against the menacing ambitions of totalitarian dictatorships. None the less, if the economic sanctions at present in force or projected are effective in forcing Mussolini to end the war and to accept a settlement fairer to Abyssinia than he would otherwise have demanded, it will be proof that the League system is, to the measure of its success on this occasion, a force to be reckoned with by any would-be aggressor. That will be a new fact in world history and may, in time, have far-reaching effects on the policy, not only of the dictatorships, but also of pacifist

countries like the United States. Aggression will have been proved more dangerous than has lately been thought, and support of the League system may come to be regarded as the best practical way of enabling even an isolationist nation to keep out of war.

On the other hand, it is by no means clear, as yet, how effective economic sanctions will be, especially when, as in the present case, they are not universal. Nor must it be forgotten that the effectiveness of economic sanctions will differ according to the internal conditions and resources of the country to which they are applied. Italy, for instance, is peculiarly amenable to economic sanctions. Russia or the United States, by comparison, would be far less exposed. Some of the articles whose supply it has so far been impossible to cut off, because they would have been supplied by countries not co-operating in the sanctions, such as the United States, Germany and Japan, are among the most vital needs of Italy, without which it would be impossible for her to carry on for more than a short while; for they include coal, petroleum, cotton and foodstuffs. In any case we shall know in a few months far more about the part that economic pressure, without armed hostilities, can play in a collective system.

Another aspect of the League has now become nakedly clear. Sanctions under Article 16 are designed to coerce a sovereign State to desist from aggression against its will. The effective application of Article 16 is therefore liable to result in military retaliation unless the members applying sanctions can mobilise in reserve behind their economic action overwhelming superiority in arms. It is no secret that it was the quiet concentration of a decisive British naval superiority, if not in the central Mediterranean at least at Gibraltar and at Alexandria and Haifa, that first convinced Signor Mussolini that League action might be formidable and that he was not strong enough to thrust it on one side, in the imperious manner he had conceived, by threatening war in retaliation. If economic action

under Article 16 is to be effective, if it is not merely to extend a local dispute into a general war, the military force in reserve in the background must be comparable, in relation to the aggressor, with the force that within the state lies behind the action of the individual constable. The first step towards disarmament is that supporters of the League should have such armaments as place irresistible superiority behind any action that the League may take—a requirement that will have to be taken into account both by Great Britain and by the Dominions. The level of armaments that it will be necessary for any individual loyal member of the League to maintain will depend upon the number of Powers, great and small, who are ready actively to live up to their obligations under the Covenant.

IV. Germany, Japan and the United States

BEFORE we come to our conclusion about the immediate crisis it is necessary to give some consideration to a larger issue that is at the back of the minds of all thoughtful people as the Abyssinian affair develops. What is likely to be its effect on two other world problems, the problem of Germany and the problem of Japan?

There is no doubt that Germany is rearming with all possible speed. What is likely to be the effect of recent events at Geneva on German policy,* and do they involve any *new* commitments on the part of Great Britain and the Dominions in the internal politics of Europe? When she is rearmed what is Germany going to ask? Will she throw herself into the task of making the world a better place for all nations to live in, through reduced tariffs, a larger international trade, minor frontier adjustments, a fair settlement of the Austrian question, the "open door" in colonial territories, the restoration of some mandated territory in order to wipe out the stigma of Versailles that

* The problem of Germany is dealt with more fully in two other articles in this issue, on *German Foreign Policy* and *Great Britain and Europe*.

she was unfit to educate and govern backward races, and a fair share in the direction of world policy through membership of the Council in a reformed League of Nations? Or will she demand concessions, territorial and otherwise, which, if conceded, would give her the hegemony at least of eastern Europe, under pressure or threat from her "gleaming sword"? Nobody yet knows. Probably Germany does not know herself. She is pre-occupied with the organisation of her military, air and naval forces, with her economic problem, with the terrible process whereby she is trying to ensure the racial purity of Germany by "liquidating" the Jewish population who live within her borders. Her eventual policy will clearly be largely influenced by the degree in which the League is able to impose its will on Mussolini and is willing to make the door to revision, opened by Sir Samuel Hoare at Geneva, a real road to the satisfaction of her essential and reasonable needs by pacific means.

It is anxiety over these questions that explains the apparent vacillations of French policy. In our view France has been somewhat unjustly abused in the British Empire during the past month. It is quite true that her policy since 1920 has been the main creator of National Socialist Germany. But on this occasion, in our opinion, she has had a case. The population of France is 40,000,000 as against a German population of nearly 70,000,000. The first thing that France did, once she could no longer keep Germany disarmed, using the League for the purpose, and once German rearmament began in earnest, was to compose her ancient differences with Italy so that each could move the army divisions they had maintained on the Franco-Italian frontier to the Franco-German frontier and the Brenner Pass respectively. To France, indeed to the world, the German question in the long run is far more important than the Abyssinian question, though the successful handling of the latter by the League may make the former far easier. At almost any cost, therefore, France

is anxious to bring about a settlement of the Italo-Abyssinian question on terms that will not involve Italy's leaving the League or joining the German group. And this same anxiety about Germany is the explanation of Italy's own reluctance to leave the League despite its enactment of economic sanctions against her. She had hoped to finish off her Abyssinian adventure before the crisis with a rearmed Germany could arise, and Signor Mussolini has publicly declared that he will not break over economic sanctions, but only over military sanctions—though neither he nor anybody else has yet defined exactly where the one ends and the other begins.

It is, therefore, only natural that France should try to act the part of conciliator between imperialist Italy and a League that feels the very existence of the collective system to depend upon its being able to restrain the aggressor in this case. She is torn between the desire to keep Italy on her side in the forthcoming discussions with Germany and her recognition that the League system itself constitutes a very powerful element in her own security, even though it may not be under her domination, so long as Great Britain is a loyal and powerful member of it. In such conditions the responsibility both for leadership and for taking risks in dealing with Italy must rest upon the British Commonwealth. At one time it seemed possible that the condition of French support would be a further commitment by Great Britain to common action against Germany in the event of aggression. The full correspondence on the obligations of mutual assistance that membership of the League involves has not yet been published. But so far as can be gathered from the press the outcome has been that there is an obligation of mutual assistance in the event of retaliatory action by a Covenant-breaking State against collective League action, but only to the extent that League action has been approved by the State on whom the obligation lies. The exact nature of this obligation may be tested

before the present crisis is over. So far, however, it does not seem that any commitments have been entered into that may affect the graver problems presented by the Franco-Russian treaty of mutual assistance described in the last issue of this review.*

In the Far East, Japan, in accordance with the time-honoured practice of power politics, appears to be making hay while the Powers of Europe are preoccupied nearer home. She seems bent on establishing a political and military hegemony over north China and possibly over the Nanking Government as well. The only effective resistance to such aggression could come from a combination of the United States, Russia and the British Commonwealth. But it is still the accepted policy of the United States to undertake no liabilities outside the American continents, and both Russia and Great Britain are to-day primarily preoccupied with Europe. For the present, the main obstacle in the way of Japan is the inherent difficulty of the task and the strain it involves on her own resources.

On the other hand, it seems clear that a great debate has begun before American opinion upon the future foreign policy of the Republic. Its primary desire, as always except from 1917 to 1919, is to avoid being drawn into other people's wars. And in order to secure this objective, Congress, last July, passed the famous Neutrality Resolutions, whereby the United States threw over its ancient doctrine of the right of neutrals to trade with belligerents and instructed the President, in the event of war, to put an embargo on the shipment of arms to all belligerents, partly in order to prevent dangerous "incidents" over "visit and search," and partly in order to prevent the growth of a large industrial interest in the continuance of war orders, which a large section of American opinion now believes to have been one of the forces that drew the United States into the war in 1917. But there

* See The Round Table, No. 100, September 1935, p. 663.

is evidence that doubts are arising about the efficacy of a purely negative pacifism of this kind in keeping the United States out of war in the shrunken modern world. The Abyssinian crisis and the renewed vigour of the League have brought home to thinking Americans, to some of them for the first time, what is meant by the collective system, and are making them wonder whether support of a League system may not be in the long run the most effective way of preventing the United States from being drawn into war. Such considerations only influence a small section of thinking people as yet, but if the League succeeds over Abyssinia their numbers may rapidly increase.

V. The Next Phase

WE come now to our conclusions. In the first place, we are convinced that having set its hand to the plough the League must vindicate its authority and that Great Britain must continue to give it a lead in so doing. We have never disguised our realisation of the difficulties inherent in working an international system based on voluntary co-operation between sovereign States. There was something to be said for the view that the League should not attempt to call upon members to carry out their obligations to take sanctions under Article 16 in a world in which four or five of the great Powers were outside the League. But now that we have embarked on this course it would be fatal, in our opinion, both to the League and to the British Commonwealth, for the League to fail and for Signor Mussolini to "get away" with the plunder he sought in defiance of his own undertakings and those of all other members of the League. Such a result would prove that in a case where the League clearly had power as well as almost complete unanimity of world opinion on its side it had, in practice, neither the courage nor the energy to make its own constitution effective. It would

never recover from such a collapse. The co-operative system, for all its limitations, is infinitely preferable to the old alliance system, and now that action has been launched by the League it should be carried through until it achieves success.

But the present situation also affects the nations of the British Commonwealth directly. There is some reason for thinking that Signor Mussolini has long been convinced that the only way in which Italy could meet her essential needs for outlets for her population, and for markets and raw materials, was at the expense of the British Empire. It is said that his idea was to build a fleet that would end the British naval preponderance in the Mediterranean; to annex Abyssinia, partly in order to settle Italians there, partly as a market and a source of raw materials, but partly in order to create a formidable army of black janissaries; and then, after building railways and aerodromes and roads in Libya leading to the Egyptian and Sudanese frontiers, to take the first opportunity created by an international crisis to seize the Sudan and Egypt and all British possessions in the eastern Mediterranean. It is also alleged that, like many continental dictators before him, Signor Mussolini had come to the conclusion that Great Britain and the Dominions were "pacifist" and effete and that the British Commonwealth was a "stranded whale" from which blubber could be cut with impunity. Whether this is true or not there is no doubt that if Great Britain, having taken the lead in September with the support of all the Dominions and India, falters in her determination and allows fascist Italy to thrust the League aside, and if the nations of the Commonwealth, having obtained the approval of the League, fail for want of resolution to play the decisive card that they have in their hands in support of the collective system, confidence in the Commonwealth as a defence of freedom and the reign of law, and especially as a supporter of the rights of the coloured peoples who have acclaimed its action in resisting a

singularly brutal and lawless aggression, will be deeply, perhaps irretrievably, undermined.

We earnestly trust that economic sanctions will be effective in forcing Mussolini to stop hostilities and agree to fair terms at a very early date. But if they prove ineffective and if, as a result, it appears probable that Italian aggression in Abyssinia will succeed in defiance of the League, we consider that the British Government should ask the League to strengthen them, and in the last resort, if necessary, to consider the possibility of severing economic connections between Italy and East Africa. We do not think that decisive sanctions would increase the risk of war provided the League authorised them, and provided the members of the League agreed to stand together in resisting military retaliation. On the contrary, we think there is greater danger to peace in long-continued but ineffective economic sanctions or in the triumph of Mussolini over the League. We believe that once the exhaustion of war makes itself felt, and once Signor Mussolini becomes convinced that Great Britain and the other leading members of the League have resolution enough to compel him to come to terms, he will face the situation like the realist he is.

But, in the second place, it is essential that the peace conference, when it assembles, should consider the fundamentals of the Italian problem. They are twofold. On the one hand, Italy is suffering from immense and pressing difficulties. She has a rapidly growing population in a relatively infertile country. Between 1900 and 1914 an average of 670,000 Italians left Italy every year for other lands. To-day there is no net emigration at all. Italy is dependent on other countries for essential supplies. Mussolini has worked wonders in providing for his people at home. But he cannot continue to do so indefinitely. The first purpose of the peace conference should be to try to meet his needs in a reasonable way. That is why we hope that the conference will eventually come to include

Germany, Japan and the United States, so that effective consideration may be given to those broader questions—the removal of barriers to world trade, renewed facilities for migration, the "open door" in all colonial territories *—whose solution under Article 19 is essential for world peace, and can do far more for Italy and other congested countries than the acquisition of colonial territory. Between 1850 and 1915, fifty million people left Europe for the New World; to-day the net outflow is nil. It is by no means only in Africa that outlets for population can be found once international trade is set moving again. The population of desert-ridden Africa is 100,000,000, of fertile South America only 75,000,000.

One last word about Abyssinia itself. It is essential that the League should deal effectively and promptly with the barbarism that still exists in Abyssinia. Reports of British officials long resident there tell pitiful tales of the devastation caused by slave-raiding in Abyssinia itself and the neighbouring countries. Mr. Hodson tells of the reduction, during his own lifetime, in the population of a district from 250,000 to 10,000 by slave-raiding and its consequences. The Emperor appears to be a progressive and humane man, but the feudal system of government implies that he has little real authority in outlying parts of his domain where the principal atrocities take place. The end of the dispute must involve the rapid ending of slavery and slave-raiding and the introduction of education and a decent system of administration into an independent Abyssinia. If a reformed Abyssinia, and the resolute facing of the fundamental difficulties of the post-war world, prove to be the ultimate results of the initiative taken by Great Britain and the Dominions in September, the Abyssinian crisis may prove to have been that turning point in world history for which so many have so long hoped.

* See THE ROUND TABLE, No. 96, September 1934, p. 732.

GREAT BRITAIN AND EUROPE

I. The New European Situation

THERE is a danger lest the African war, and the wider problem of sanctions that it raises, may obscure in British minds the fact that the European situation has been radically altered by recent events. Germany, instead of being compulsorily disarmed, is rapidly taking her place in the front rank of armed Powers. Italy, on the other hand, whatever the outcome of the Ethiopian affair may be, is bound to emerge weakened economically and, if not weakened in political and military power also, distracted by new strategic liabilities. Hungary has moved, like Poland, further into the German orbit. The position of the League of Nations in the European peace system has been radically changed by the Italian war. Its character as an instrument of French policy for maintaining the treaty settlement—a character that it soon resumed after what may now be looked back upon as the Locarno interlude—has definitely dwindled. For not only is the dominant voice in its counsels no longer that of France but that of Great Britain; France has seen the two systems that she sought to identify—the League and her security arrangements—torn nakedly apart by Italy's defiance of Geneva.

These are the chief new elements in a European situation, suddenly made fluid, which Great Britain has an unprecedented opportunity to mould. Our leadership has been asserted and accepted in a crisis more acute than any the world has faced since the war. It is being strengthened by our resolve not to be left behind in the armaments race, but to possess power commensurate with our

responsibilities. The Italian war has exposed how grave and far-reaching are the responsibilities that we have assumed, without full regard for their implications, in pursuing a League policy. It has also exposed how urgently necessary it is for us to play an active part in securing international justice, in order that international peace may be assured. Otherwise this country may be compelled to repudiate its League responsibilities, through sheer moral and material inability to defend an inherently indefensible position. A purely negative policy will bring us sooner or later face to face with this choice—either to turn our backs on a breach of the peace, and to exculpate the technical aggressor, or to use our power in upholding a state of affairs that we would fiercely burn to destroy if it were our own people who were concerned.

It is not merely our direct geographical intimacy with the continent of Europe that obliges us to concern ourselves with its affairs. In the world as a whole, great forces are stirring which for good or ill must profoundly affect the nations of the British Commonwealth—the rising power of Japan, the spirit of democracy in Asia, the gradual civilisation of black Africa, the growing strength of Soviet Russia. If Europe's ability to guide these forces, and to oppose whatever in them is a threat to world peace, is to be debased by internal distractions, the British Commonwealth will be among the first to suffer the consequences. Great Britain herself can take her position as a leader in wider world affairs only if her strength is not partitioned, and if her energies are not preoccupied, by European discords that threaten her security.

II. British Opinion

THERE are three main schools of thought in Great Britain concerning our policy towards Europe. The first is the "insulationist" school. Of the extreme isolationists, who would have us resign even from the

commitments that we have already incurred, little need be said here. Both the experience of our past history and the evidence of our economic connections prove that it is dangerous and futile to try to wall ourselves up behind a barrier of armed might. The isolationist way of thinking, indeed, is uncommon among the mass of the people, however energetically it may be preached by Lord Beaverbrook and others. More frequent and more cogent is the view that while formally standing by our guarantees under the Covenant and Locarno we should otherwise keep aloof from European affairs, leaving it to the continental Powers to find a basis of equilibrium among themselves. The merits of such a policy are plain. When trouble arises, Great Britain is free to cast her influence on one side or the other to preserve the peace or localise the war. The danger of the policy, on the other hand, is that it might mean simply handing over Europe to the embittered rivalry of the French and German *blocs*. Russia's adhesion to the French *bloc* serves to balance the revival of Germany and the defection of Poland. The closer the Franco-Russian association is drawn, the greater becomes the danger of general war as the result of some accident or some minor provocation. For the power-policy of either of the two groups must inevitably be to throw its whole weight into the scale at any moment of crisis, not diffidently but decisively; and the power-policy of the other group must equally be to throw its whole weight into the opposite scale. This is the inescapable logic of *Machtpolitik* that turns every Serajevo into a world war, unless for the moment the power of one group is so certainly dominant that the other must bow before it.

That condition, once assured by the compulsory disarmament of the ex-enemy Powers, is now rapidly passing from reality. Germany, inflated with militarist patriotism, strong in industry, equipped with a great army, a great air force, and a navy adequate both to protect her coasts and to make the Baltic a German sea, will with her own

satellites soon be at least an equal rival to the greatest concentration of power that the Franco-Russian group could mass against her, even with the aid of Italy. Germany has ambitions of her own—not necessarily warlike ambitions, but ambitions that are bound to challenge the cause of Franco-Russian hegemony in eastern Europe. If and when the clash between the rival groups occurred, England's ability to stand apart would be imperilled, not only by her obligations under the League and Locarno, but possibly by a threat to her own security, and almost certainly by a threat to the safe conduct of her overseas trade. We should find ourselves dragged into war at the heels of policies in which we had had no say.

Since, then, we are bound to be involved in any case, is not our best policy to play our part in the European power rivalry? Ought we not to say, with France, " There is but one way of preventing Germany from causing a European war when she feels herself strong enough to break out, and that is to have massed against her such an array of Powers, interested in peace and the *status quo*, as must always deter her from seeking the arbitrament of force " ? This is the second main school of thought about British policy towards Europe. It has gained in strength since Hitler's accession to power, because it has attracted, besides confirmed francophiles and militarists who must needs think in terms of alliances, many who in the days of Stresemann and Brüning stood firmly for friendship with Germany. To-day, France and Great Britain, with the Scandinavian countries, are the great protagonists of political freedom in a world of dictatorships. Their policy is peace, not aggrandisement. The development of air power, moreover, has identified Great Britain's strategic frontier with that of France, the Rhine.

Impressive as these motives are, very few people in Great Britain would support a policy of commitment to France that extended to her eastern alliances. As far as

eastern Europe is concerned, we are not prepared to go beyond our existing League obligations; how France herself interprets those obligations has become clear in the course of the present crisis. But any policy of Anglo-French entente, limited in scope as it might be, must take into account France's eastern alliances, and must become the less acceptable the closer those alliances are drawn. Automatic military commitments between France and her associates (especially Russia, if and when the Franco-Russian pact is reinforced in this sense) are the greatest and, in the last resort, an insurmountable obstacle to our binding ourselves to her. As for Italy, her position in relation to an Anglo-French system must remain highly problematical. Neither a strong Italy blooded in a successful war, nor an Italy weakened by diplomatic reverses and by the cost of fighting Abyssinia with one hand and sanctions with the other, could be called a desirable partner in an entente for the policing of Europe. On the other hand, the alignment of Italy with an antagonistic group would be a grave source of weakness to the Franco-British entente, if only because it would compel them to divide their forces between a Mediterranean and a northern front.

The great weakness of the policy of Anglo-French entente is the possibility of its provoking a rival combination headed by Germany. To many who support that policy such a result seems inevitable, whether we ally ourselves with France or not, given the present attitudes of Germany and of France and Great Britain towards international affairs in general. These people—and they are very numerous—believe that Germany under Hitler is a danger to Europe and must sooner or later be brought to book. The practical strength of the policy they infer we should follow clearly depends on the ability of the Anglo-French group to preserve indefinitely a superiority of power over the German group. Equally clearly, its moral strength depends upon the assumption that the breaking out of Germany will be based upon evil and unjust motives, not

upon fair and just grievances against a European *status quo* that has become intolerable.

Emphasis upon these considerations gives rise to the third main school of British thought upon European affairs, the school that talks of a new Locarno policy based upon acceptance of Germany's rearmament, and on acknowledgment of the justice of certain of her complaints against the treaty settlement. Despite the general hatred of Hitlerism, this line of approach (already adopted in the Anglo-German naval agreement) appeals to large numbers of the British people, who soon recovered from war-time vindictiveness, who were shocked by the Ruhr invasion, and who have learnt from the reiterations of disarmament propagandists that Germany's disarmament was intended as a prelude to universal reduction of arms to a "police level". It can be tested only by a careful consideration of the present position and probable ambitions of the German Reich.*

III. Germany and Eastern Europe

THE materialism of National Socialist thought, its repudiation of freedom as a primary aim of government, are deeply repugnant to the British mind. The repression of the trade unions arouses particular indignation in some circles, the degradation of the Jews in others; the methods of secret trial, concentration camps and political killing whereby the régime conducts its policies are disgusting to every section of opinion in this country. These are things to which we cannot blind our eyes. What we can do to ameliorate them we must do. But we shall certainly not ameliorate them either by officially siding with the repressed elements in German internal life or by treating Germany as a national enemy. Either of those policies would only make matters worse for those whom we would fain

* For a fuller discussion of Germany's foreign policy, see below, p. 98.

befriend. We do better to examine the causes that led to the success of this brutal, materialist régime.

The main causes of the success of the Nazis in 1933 were three: the inflation, which proletarianised the middle-class by destroying its savings; the economic crisis, intensified by world-wide economic nationalism, which caused tremendous unemployment in Germany, not least among the black-coated workers, and popularised the socialism in National Socialism; and the clamping upon Germany of the penalties of the peace, without practical sign that her enforced disarmament was to be but the preliminary to a general limitation of arms. The exaction of reparations played a part in all three factors. Reparations are dead; the inflation cannot be undone now. But relief from the other two pressures might bring relief also to Germany's internal stresses, by rendering less necessary a star-chamber dictatorship in order to bind together her national energies for an all-absorbing national purpose.

For the moment, Germany's energies are directed inward, upon the task of re-equipping herself with armament. This effort is inevitably taking its toll upon the economic welfare of the community, partly through higher taxes, partly through lower wages (including those paid in labour camps), partly through a rise in prices as a result of credit expansion, partly through still further restrictions upon imports of consumables in order to squeeze room for raw materials. Whatever the means, the charge has to be paid, with the result that even if Germany had sufficient political energy left for dangerous external adventures she would not have the necessary economic reserves. So intense is the present concentration on rearmament and its associated problems that at least a section of the German leaders would regard even a coup that delivered Austria into the hand of the Reich as an embarrassment rather than a triumph. Certainly this factor enters into the apparent willingness of Germany to-day to accept the Polish Corridor as an accomplished fact, though the strategic importance of good

relations with Poland, and the racial doctrine that rejects the attempt "to make bad Germans out of good Poles", are obviously also important. How long the rearmament phase will last is a matter for guessing. In two or three years, as things go at present, Germany will probably have brought her forces up to or near the levels at which Herr Hitler has declared she is aiming. But airmen, soldiers and sailors are not so easily created as the arms they use; it will be nearer ten years than two before Germany can match France in trained reserves.

We may not have to wait, however, even for two years before Germany demonstrates the manner in which she intends to make use of her regained physical power. The opportunity of the Memel elections was not lost to protest to the Powers and to cultivate among the German people an animosity against both Lithuania and the League that may be useful later. The demand for the restoration of Memelland to the Reich, it is true, is not yet definitely formulated, and there are certain powerful economic reasons against its ever being finally pressed; for the German population of the territory, many of whom are merchants, would not be the first to gain by its detachment from its hinterland. Nevertheless, here is a very weak spot in the treaty system, an obvious chance for the exploitation of German racialism, which is the key to National Socialist foreign policy. Memel is one of the problems that the Powers must face if they are not to be forced to choose between giving way to German power and opposing Germany in defence of an inherently unsound cause.

Austria is another such problem. The German Government can afford to bide its time; for although only a minority—perhaps one-third—of the Austrian population are pro-Nazi, the vast majority are pro-German, and the Schuschnigg Government rests on very insecure political foundations. The October reorganisation, in which the pro-Italian element in the Cabinet gained an advantage, weakened those foundations still further. Italy's African

preoccupations and her clash with the League sap her power to maintain the Austrian régime. There is no guessing how or when it will come, but sooner or later a change in the Government of Austria, away from Italian and towards German influence, seems quite inevitable. What are we going to do in such circumstances? Clearly, that would depend on what Germany and other Powers chose to do, for nothing is more certain than that Great Britain is not going to interfere in Austria's internal political affairs. There are many people in Germany—and Hitler, as an Austrian by birth, is probably one of them—who would like to see Austria completely assimilated into the German Reich, and would take active steps, in the event of an Austrian political crisis, to bring about that result. But there are others, no less insistent upon the racial dogma of the unity of all Germans, who would prefer to see Austria as a nominally independent *protégée* of Germany, a Manchuria rather than a Korea; they might go so far as to defend a scheme of informal federation covering foreign policy, defence and customs, with Germany as the recognised *Führer* in the partnership.

It is in face of such eventualities as these that the policies of Great Britain and the other Powers will be most sharply tested. So long as we stand by our League of Nations obligations, we are bound to take our share in collective action against Germany if she should attempt to bring Austria into the Reich by an act of external aggression. It is difficult to see how a people one-third of whom are socialists and another third Catholics by politics as well as by religion would voluntarily contract themselves into Nazidom. But some of the socialists and many of the Catholics in Austria would be prepared to endorse the kind of association with Germany that has been sketched above. Would we in Great Britain do more than protest against it? If Italy marched into Austria in order to oppose it, would we regard her as an aggressor? If France attacked Germany in an effort to prevent it, would we support her,

actively or passively; or, on the contrary, would we regard her action as a breach of Locarno, and rally to the support of Germany?

These are questions that we ought to be pondering now, against the background of wider German policy. Austria is but part of the problem raised by National Socialist racialism and the *Drang nach Osten*. The strategic and racial factors in German policy towards central and eastern Europe have a varying weight in different minds, but they blend into this broad purpose, so to dominate the affairs of that part of the continent that Germanic elements of the population may be successfully championed, and German economic policy and political doctrines constantly furthered. Territorial revision is a subordinate item, though by its nature a critical one, in this admittedly hazy ambition.

To commit Danubia and the Balkans to a tripartite struggle among the great Powers—Germany, France and Italy—for economic and political "spheres of influence" is an exceedingly unpleasant prospect. It sets back by a tale of years the possibility—which earlier in 1935 seemed to have been brought appreciably nearer by the Franco-Italian *détente*—of a spontaneous settlement of their mutual relations by the countries of that area themselves. It stiffens once more the Little Entente's *non possumus* at the least suggestion of treaty revision. But there is no gainsaying Germany's determination to make her will felt, at least on behalf of the minorities of her own race. To petrify the system as it is means in the last resort arresting the united will of a rearmed Germany. That clash may come, and we may be drawn in by our interests as well as by our obligations; but it is quite certain that British opinion, loyal as it is to the League, will give no unconditional promises to throw its weight behind the maintenance of a rigid *status quo* in Europe. If the nations who fear German expansionism desire British support, they must be able to show that Germany's cause is

unjustifiable and that they have done everything possible to satisfy her legitimate aspirations and those of the Germanic minorities.

In a sense, the rights and wrongs of disputes in these more distant parts of Europe are none of our affair. But we have a prime interest in the peace of Europe as a whole, and we have a prime interest in securing for the League of Nations principle as universal acceptance as possible. In this particular instance, moreover, and at this moment, we have a unique opportunity. Herr Hitler himself, and a great mass of German opinion, are very anxious indeed to secure British goodwill. The Anglo-German naval agreement has, for the time being at least, shelved the most dangerous of the possible points of direct conflict between the two countries. Although Germany's resignation from the League has now become fully effective, Geneva has acquired, under British leadership, a new prestige in German eyes. Meanwhile the internal preoccupations of the Reich give us a breathing space in which the future of European politics remains pliable.

IV. Anglo-German Relations

THE principle of British international policy (as of the Covenant itself) must be a balance between the organisation of a just peace and the suppression of unjust wars. In central and eastern Europe, this means reducing the importance of frontiers, by gaining fair treatment for minorities and a reduction of trade restrictions, as a condition of guaranteeing that those frontiers will be preserved. In the colonial field, the principle means abandoning an exclusive imperialism, as the condition of putting an end to colonial rivalry. An earlier article * has shown the connection of this problem with the Abyssinian dispute. Germany's demand for colonies is first and foremost a matter of prestige. The Anglo-German naval agreement was in

* See above, p. 15.

effect a repudiation of actual colonial ambitions, for it was a repudiation of the ambition once more to rival Great Britain in the command of the seas, which requires, and is required by, the possession of colonies.

Assuming that (following up the promise of Sir Samuel Hoare's Assembly speech) we can reach an understanding with Germany on these matters, can we not lay our policy before her in some such terms as these? We firmly support the League of Nations and the collective system generally; British public opinion is overwhelming on this point. Germany must therefore recognise that co-operation with Great Britain can only be based on the principle of the League. This principle has two aspects: on the one hand, repudiation of war as an instrument of national policy, and acceptance of a share in collective responsibility for restraining aggression, and on the other the revision of out-of-date treaties and the removal of obsolete conditions by peaceful means. The League, under French influence, has hitherto emphasised the former aspect, but equal stress ought now to be laid on the latter. Apart from territorial adjustment—which must be regarded as subordinate to the problem of securing fairer treatment for minorities and a freer flow of trade and migrants—there are other questions of treaty revision that ought to be open for discussion. The internationalisation of the Elbe and the Oder, for instance, seems to constitute a special grievance in Germany to-day. In any case, all these things must be done by collective action under the ægis of the League of Nations. And there is another condition. We cannot fairly press other countries—with whose political outlook we may have far more sympathy than with that of Nazi Germany—to grant more favourable treatment to German minorities than Germany is willing to grant to her own minorities. Anglo-German co-operation is conditional upon better treatment of Jews, and of Christians too, in the Third Reich.

Here, then, is a clear-cut third possibility for British

policy towards Europe. On each of the three main themes there may be many variations, and each of them merges into the next. But now, when the politics of Europe are unusually fluid, when Germany's preoccupations give us a breathing space, when our own leadership is at its strongest, now is the moment to make up our minds on the broad principles of our policy. The Abyssinian affair is not merely showing us by practical test the value as well as the risks of collective security; it is creating in Europe a new situation in which elements of great danger mingle with many elements of hope. In helping to reduce the dangers and to bring the hopes to fruition, Great Britain has a special task to perform.

AMERICA KEEPS OUT OF WAR

I. The Freedom of the Seas

THE African war sends its clouds to the remotest corners of the American continent. We have had an excellent harvest, business conditions are everywhere thriving, the autumn football season and President Roosevelt's two long absences from Washington gave the "breathing-spell" to politics that he announced in August. The feeling and temper of the American people, despite the foreboding acerbity of the presidential elections just a year away, are better than they have been for nearly five years.

And yet the "colonial venture" being waged on the Ethiopian plateau and the shores of Lake Leman puts a grim black streak of headlines across every American newspaper, and raises a troublesome question-mark in the minds of every alert American citizen. This is not only the case on the Atlantic seaboard. Five or six thousand miles of zigzagging across the continent—this letter is being written in San Francisco—bring an acute awareness that there is no real isolation from world crisis any more. And the people, more informed of the facts than ever before, are seeking to interpret their keen wish for isolation in a more rational manner than burying their heads in the sand.

The first great change in American public opinion comes in our attitude toward our traditional doctrine of the freedom of the seas. And that is the key to our foreign policy. It may be set down flatly that under existing circumstances, or any remotely likely to be produced, the American people do not wish to press their neutral

"rights," do not intend to send their navy in defense of American trade that directly or indirectly seeks war zones. We have not reached the stage of active co-operation with League Powers seeking to enforce sanctions against an aggressor nation, but for our own protection we are fully prepared for what is called passive co-operation. We are not altogether ready to do what some leaders in Congress sought a few months ago, to prohibit all trade in war commodities such as cotton, copper, steel, and oil, but we are definitely ready to stand by a new doctrine of non-protection. We have come to believe that in order to avoid American involvement through commercial motives, foreign trade in war-time should proceed at its own risk. Taking a page from the book of the Scandinavian neutrals during the World War—though it remains to be seen whether our pride would permit us to swallow much search and seizure in an actual crisis—we are now ready to consider the question of American participation in war strictly on its own merits, and not for the sake of a trade that simply is not worth the cost in dollars and cents.

When you recall that most American wars have been fought on the issue of the freedom of the seas, that this doctrine was enshrined upon our birth as a nation and glorified as recently as Woodrow Wilson's Fourteen Points, you will see that both our emotions and our economic structure are really evolving, for the moment, toward self-containment.

We are at the absolute crest of an anti-imperialist wave. Broadly, the economic crisis was responsible for preparing this attitude, but more immediate causes were the lapse of the war debts and loss of our investments in Europe, Latin America, and the Far East. Every day's news from Europe confirms our attitude. Ever since the resurgence of Germany under Adolf Hitler, we have been pessimistic about European peace, and we see that nothing can be done to prevent Japan's steady expansion in Asia. Under these circumstances, we wish to insulate ourselves from

Europe, and merely erect a barrier of national defense along our Pacific coast. Our last colonial outposts, the Philippines, are celebrating with great fervor the beginning of a " commonwealth " period, which is to lead to complete independence in ten years. That either the time-table will be followed or the objective reached is far from certain. But certain it is that the American people are anxious to relinquish the responsibility of a foothold in the midst of a Japanese lake. Only our moral obligation to the Philippines themselves, which we will try to fulfil by an international agreement of neutralization, by granting them reciprocal trade relations, and by a well-organized native army in the islands, keeps us from casting them off almost immediately. Pressure from seriously worried Dutch and British on archipelagos for which the Philippines are the buffer is a factor we are considering, but it does not affect the mainsprings of American policy.

No better proof of our new attitude toward commercial imperialism—toward dollar diplomacy—can be found than in a recent poll of every active and retired admiral and captain on the Navy List, taken by the World Peace Foundation. Not so long ago, a questionnaire from the World Peace Foundation would have been scornfully thrown in the waste-paper basket by any self-respecting captain or admiral. Not so now. No less than 130 of them replied to three leading questions. The subject was Admiral Sims' proposal, in a widely noticed speech, that Congress should declare all trade in contraband to be at the risk of the traders, and that no compensation for loss by action of belligerents would be demanded by our government.

The captains and admirals were first asked:

" Do you think the application of Admiral Sims' plan would be politically possible in time of war? " A question, you will notice, that is put in the most skeptical form, waiving the merits of the plan itself. Fifty-six naval officers answered " Yes," 43 of them emphatically, and 13 with minor qualifications. Fifty-four answered " No,"

but only 42 of them emphatically. Four others thought "Yes," if the plan were first introduced in peacetime, and two emphasized the need for preparatory education. One famous captain made caustic comment on the indiscipline of the American people, while heartily approving the plan. Others were skeptical only because they feared the acquisitiveness and business greed of the commercial community.

The officers were then asked:

"If politically possible, do you think the plan desirable in the interests of the United States?" Fifty-eight answered "Yes," and 45 replied "No."

Then they were asked:

"Are you in favor of the adoption of the Sims plan as a policy tending to keep us out of war?" Sixty-two officers replied with a flat "Yes." Thirty-nine said "No," of whom sixteen made alternative suggestions, some resembling the Sims plan. Two leaned toward the plan but objected to any definite decision in advance of an actual crisis. That left a minority of 27 replies, of which two were impossible to classify, eight offered no direct comment on the Sims plan, and two thought it already in effect. Two would favor the plan if adopted by other nations, one would apply it to goods but not to people, one would limit it strictly to contraband articles, four proposed minor modifications, and the remainder gave arguments that applied against any form of arms embargo.

That over half of this list of distinguished naval officers, products of an Annapolis education based on the principles of Mahan and the freedom of the seas and a lifetime of service dedicated to the protection of American commerce, should favor a plan leaving such commerce to its own defense in war-time, is one of the most remarkable facts to be ascertained by any recent authentic sounding of opinion. It is a complete reversal of what has seemed to be the policy of the General Board of the Navy. It simply

shows that not even the naval officer can insulate himself from the overwhelming impact of public opinion.

The American-in-the-street, affected by his disillusioning experiences with Europe, and now under the dire influence of the Ethiopian headlines, has also been impressed by intellectual contributions to the new philosophy of self-containment. Three recent books have had a great influence: Charles A. Beard's *The Open Door at Home*, Walter Millis' *The Road to War*, and the Foreign Policy Association's *War Tomorrow*. All of them would be of great interest to any student of American thinking. Dr. Beard thus defines American interest:

> The one policy that is possible . . . is policy based on security of life for the American people in their present geographical home. The size of the Army and Navy should be determined with reference to the vindication of that policy and not with reference to any other criteria. Since under the conception of national interest here posited the conquest and seizure of territories occupied by alien races are barred as flatly contrary to, and a betrayal of, national interest, military and naval preparations for such operations stand condemned on their face, a waste of national resources and a needless peril besides. Since the business of the Army and Navy is to defend the American nation in its geographical home, and since the Army and Navy are or should be controlled by duty and not pecuniary considerations, it is a misuse and degradation of both to transform them into huckstering and drumming agencies for profit seekers, promoters, and speculators, in the name of "trade." Effective defense of American trade and sea lanes beyond the American naval zone against any major power or combination of powers is impossible.

And, to sum up the new nationalism, Beard writes:

> By attending to its own business, exerting no competitive pressure in international economic rivalries, standing ready to trade on a rational basis, capable of defending its zone of interest, the United States can command more respect and affection in other countries than by intermeddling with its neighbors' affairs, whether under the formulas of *Machtpolitik* or those of democracy, beneficence, and world peace. The expressions of gratitude received from European governments in exchange for participation in the World War may serve as illustrations of the principle. The United States can do nothing whatever to

assuage the long racial, national, and economic bitternesses and rivalries of Europe by offering moral advice. It may do something by setting a living example, without seeking to set an example.

The New Dealers agree heartily with much in Beard's analysis. Important intellectual collaborators of President Roosevelt like Professor Raymond Moley or Dr. Rexford Guy Tugwell are strong proponents of the self-containment philosophy, both economic and political. They do not openly go along with Beard's logical claim that after the United States has consolidated its defense upon its own geographical home, and set its house in order, it should join the World Court and the League of Nations. President Roosevelt himself has the self-containment viewpoint plus a deep interest in the navy. However, the President has always been a realist about the navy. As long ago as 1922 he openly wrote that the navy should tackle only such tasks as it is capable of accomplishing, and by inference he thus outlawed the commerce-pushing that was the very keynote of Coolidge imperialism of the period. This attitude has been intensified since by the collapse of our foreign trade.

II. The Dollar Test

IN the current crisis, not only these fundamental factors are working to keep us out of an argument with Powers applying economic sanctions, but a number of more immediately practical reasons dominate the situation. Business men simply see no chance to make a profit out of the Italo-Ethiopian war, and scarcely any greater opportunity if a European conflict should break out. The situation is profoundly different from 1914. Then, there was a vast reservoir of European investments in the United States which could be exhausted before the belligerents began to draw seriously upon their own domestic credit sources. The process was indirect, but what actually

happened during all the months when American industry was being whipped up to the pitch from which there was *no turning back was that we were letting Europe retire the* mortgage it held on the old home place. There is no such possibility today. To outfit an impending war, the European Powers would have to start with their credit in this country at the lowest point in the present century at least, and with relatively meagre resources at home. The possibilities of fresh American lending are also restricted to an extreme minimum.

There is no doubt that the Administration seeks to provide the utmost measure of passive co-operation with League Powers in their imposition of an economic boycott. An arms embargo was of course authorized by the last Congress, but can be in effect only until February 29, 1936. That means that just as soon as the next session of Congress meets it must grapple with the question of extending the embargo, either for a longer period or to other materials than the bare instruments of war. Without authority from Congress, the President and Secretary of State can go no farther officially than they have already done in the way of co-operation with the League Powers. But unofficially they have done a good deal, and can so continue. For instance, two New Deal agencies, the Import-Export Bank and the Securities Exchange Commission, have both announced pointedly that their facilities will not be open to those anxious to trade with Italy. The reason given was abnormal commercial risk. It is not to be supposed that many exporters were asking for assistance from these bodies, but the announcement itself served as a discouragement to independent traders. Moreover, insurance rates for shipping to Mediterranean ports have been rising sharply. The influence of this simple factor in the actual pinch of economic sanctions deserves more ample study. In practice, such unusually high rates have discouraged many exporters.

What it all comes down to is that, when neither the

people nor the government of the United States are anxious to trade with belligerent nations, their very psychological determination and the absence of the big-profit lure will go a long way toward effective blockade. That is the great difference between the situation today and in 1914–17. In those innocent years, hardly a voice was raised in protest against a trade based upon huge profits and with alluring moral inducements. Almost every relevant factor is altered now.

Moreover, the second interesting American book mentioned earlier, Walter Millis' *Road to War*, told the story of 1914–17 in effective if almost too simple terms. It was published serially by a great newspaper chain—not Mr. Hearst's—and its most vivid passages were reprinted in that useful American institution, the *Reader's Digest*. Then every leader-writer in the United States proceeded to use the material for homily purposes when the Italian drive on Ethiopia started. The result is that the public is very well aware of the commercial and propagandist motives that lead to war. Not that the public determination would successfully resist such a combination of forces as hit us in 1914—but such a combination does not now seem very likely. As far as emotional neutrality goes, we are far from neutral today. Quite inevitably, Emperor Hailé Selassié's plight has elicited universal American sympathy. We have always been latently critical of Italian fascism, which sentiment formed a further moral backlog in this instance. The only sort of indirect support Mussolini has had comes from those who criticize British motives in the conflict. Counterbalancing these critics are the loyal supporters of the League, who applaud the British and see Geneva's vindication at last in the application of sanctions.

Only these latter folk see at all clearly that the way to avoid American involvement in war is to co-operate in preventing war. With one vast national voice, the country cries " Hands off "; yet only occasionally some sane head,

as in the Foreign Policy Association's *War Tomorrow*, points out almost apologetically that it is easier to prevent than to insulate. This little monograph is an excellent example of the new propaganda, replete with modernistic diagrams and simple, effective charts. It is widely distributed, and must have great effect, particularly in the high schools and colleges. Yet the nation loudly applauded President Roosevelt's declaration of isolation, delivered within sight of the larger part of the American fleet, at San Diego. His sharpest newspaper critic, Mr. Hearst, burst into editorial applause, as did all the conservative organs which are sharply anti-New Deal on other issues.

All of which must lead the President to speculate upon the possibility of converting 1936 into 1916, when Woodrow Wilson was re-elected President on the platform: "He kept us out of war." Without the World War crisis, President Wilson would certainly have failed of re-election. It would be stupid of Mr. Roosevelt to repeat the same slogan, for it became ridiculous when Mr. Wilson brought the country into the conflict a few months afterward; but if a European war is in progress or is seriously threatened next year there is little doubt that Mr. Roosevelt can be more easily re-elected. His foreign policy has been actually more popular than that of most of his predecessors, although it has been a vague and extemporized affair. His tag-phrase, "policy of the good neighbor," covers many omissions, and conceals some commissions which the country might not favor. It is possible that our undercover communications with various Geneva officials, and Secretary Hull's frequent words of blessing, would arouse quite a tumult if fully revealed. Mr. Norman Davis is in consultation at the White House and State Department more frequently than our extreme isolationists know.

Out of this general picture of America's attitude toward the world in its war crisis, one fact bears repetition. Probably in Downing Street and the Quai d'Orsay they are

asking: "How will America stand?" The answer is clear: the United States is not in the mood, either emotionally or economically, to stand in the way of an economic boycott, nor to press diplomatically or forcibly for trading rights with either side in any conflict that may precipitate. Moreover, the Administration will extend passive co-operation in every possible way, as in the discouragement of trade with Italy. It ought to be impossible today for any European chancellery to excuse its own inaction on the ground that "We do not know how the United States will jump." Every indication is that the United States will not jump.

III. Presidential Prospects

DOMESTICALLY, the President is, of course, pre-occupied with his re-election problem more than anything else, even the burden of relief of the destitute as the winter months approach. The transfer of unemployed from the dole to work-relief has been even more difficult than was predicted, and the number in need of relief remains very high. With a good part of his four hundred million work-relief fund in hand, or at least tappable, and elections approaching, it seems certain that the President can be no less liberal than he has been for the past year. It becomes clearer that a large proportion of those receiving relief may almost be classed as unemployable. They are people who were marginal workers at the height of prosperity, many of them white-collar workers at odd pursuits parasitic to the economic structure. Others have not been employed for years, but their meagre sources of income have vanished. This is tragically true in southern California, where the alluring climate attracted millions of people who thought—in the 1920's—that they could retire, or could get along more easily in that agreeable area than elsewhere. But the depression liquidated their sources of income, both back in Iowa and at the freak trades they pursued in

their new homes. As a result, one-fifth or one-quarter of the people in that paradise on the Pacific have little chance of regaining their means of support, and have become public responsibilities. They are not fit for industrial employment, and it will be a long time before they can eke out a living by tramping from door to door selling egg-whisks, or running correspondence bureaux in " Power-Personality."

But even in southern California business conditions are vastly improved. Everywhere in the country there is an air of hope and new confidence—and a consequently vocal craving for " less experimentation " in government! The tide against President Roosevelt's New Deal runs nearer the surface, and has spread from the so-called upper classes well down into middle groups. Moreover, every day that the new confidence and hope in a boom persist, the country moves nearer " normalcy "—and normalcy means a Republican President sooner or later.

Were it not for the extraordinary dearth of leadership in the Republican party, and for President Roosevelt's political astuteness, one might figure on a new President next year. As it is, pro-Roosevelt sentiment seems to remain strong in the vast masses of voters, and may increase when it is a choice between the President and an unappealing Republican candidate. Mr. Roosevelt has foreseen the trend, and in September he announced a " breathing-spell " from experiment. Much skepticism was voiced, but on his trip to the Pacific coast the President implemented his pledge by a soothing budget statement promising freedom from new taxes, and he delivered quiet addresses on farm relief policy, water power, and international problems. Then he embarked on three weeks of cruising in Pacific waters, through the Panama Canal, the Caribbean, and back to the Atlantic. His schedule calls for another absence from Washington for at least three weeks on his autumnal visit to Warm Springs, Georgia. All of which means placid policy—or as placid as is possible nowadays. Some fifty leaders of

Congress, with Vice-President Garner, simultaneously set out on a glorified junket to the Philippines, as the guests of the grateful island government on the inauguration of their new Commonwealth. This, too, means more quietude in Washington.

It is all a deliberate effort to keep business humming, to build up a backlog of prosperity, and then turn it to the New Deal's account at the polls. Such strategy is not easily brought off. For the danger is that the country, restored in confidence, will say that all the progress has been in spite of the President, and will elect a Republican nonentity. This would be following tradition in American politics. But Mr. Roosevelt knows the danger, and is working more alertly than any other politician to forestall it. Various attempts to start a conservative-Democratic third party, or to lure such right-wingers into Republican ranks, have not yet met with much success. Democratic party regularity, especially in the south, is very powerful, and we will doubtless see Senators Glass and Byrd of Virginia, who have bitterly castigated the Roosevelt régime, singing out of the other side of their mouths when election time comes.

Apart from relief, many of the other New Deal experiments are making slow but steady progress. The Securities Exchange Commission has notably established itself with the financial community; reviled and abused when in the legislative stage, it has, as so often happens, met with tolerance and even praise in practice. Some similar fate is foreseen for the Holding Companies Act, which places stringent regulations on these pyramided and paper-supported industrial empires. If the President is successful in keeping next year's session of Congress short and sweet, by election time such experiments as are going to work will be in quiet operation. The failures will be matters of bitter memory. Yet such memories do not seem to terrify voters. It is the promises of future benefits that catch the headlines.

The daily application of the New Deal in local communities runs headlong into vast discontent. Scarcely a town where any citizen cannot regale you with stories of colossal incompetence. That is because, however impressive an experiment looks in Washington, it must be carried out in local terms. And generally it must be placed in the itching hands of local politicians. This has been particularly damaging to the relief system. It reflects, too, upon the personnel of the Democratic party in the communities, particularly north and east. For decades, the Democrats have been out of office, and there has been a tendency for all ambitious, able, or solid men to gravitate into Republican ranks. The New Deal has therefore been sadly understaffed except where it could call in non-party men, or where, as in the South, the best available officials were in the party. In many a locality, big expenditures have gone through the hands of the forlorn outcasts who made up the starved Democratic organization. Result: incompetence and suspicion of graft. Also, local "respectable" citizens, even if they sympathized with some New Deal experiments nationally, were unable to support them as applied in the community. Net result: considerable anti-Roosevelt feeling.

Such grass-roots problems as these cast an aura of uncertainty over next year's political prospects. But the Republican party shares no less dubiety of its own. Herbert Hoover is extremely active again, having set up a general headquarters in his California home, and re-engaged the publicity expert who first established him as an American public man back in the days of Belgian Relief and the Food Administration. This artist, one Ben Allen, is helping with Hoover speeches, meeting the press "boys," and generally adding a note of "we-aim-to-please," which has been lacking in a Hoover entourage since the candidate days of 1928. This leads close observers to believe that Mr. Hoover is back in politics seriously, whether as a candidate for renomination or in order to dominate the

party's policies and its actual nominee. His chief aim is to keep the Republicans from repudiating the Hoover Administration altogether for the sake of votes. That would leave a blot on his reputation which it would be difficult to remove. But Mr. Hoover's activities disturb the party leaders, who think that despite his personal following—which will be Republican anyway—he will alienate many middle-ground votes. Particularly, Mr. Hoover terrifies other aspiring candidates, who fear that his endorsement may be pressed upon their brows like a crown of thorns.

But these are dull speculations compared to present realities: to better business everywhere, to football, and to Ethiopia. The war headlines have produced two emotions in men in the street: the desire to remain aloof, previously analysed, and a lively skepticism about the accuracy of much of the news reporting. It is being a journalistic romp, with four-inch headlines even in smaller papers on the Pacific coast, and each succeeding bulletin from the front contradicts its predecessor. And while it cannot be said that the crisis is making the United States a very good world-citizen in the positive sense, it has destroyed a certain unco-operative recklessness which made us the naughty boy of the chancelleries. That we certainly are not today, whatever else we may be.

United States of America,
October 1935.

THE NAVAL CONFERENCE

ACCORDING to present arrangements, a conference is to meet in London on December 6 to explore the possibilities of restricting naval armaments. It is to be attended by delegates of the United Kingdom and the Dominions, the United States, Japan, France, and Italy. This will be the fifth conference of its kind to be held since the war. It has been summoned in compliance with article 23 of the Washington Five-Power Treaty, which provides that if one of the contracting Powers gives notice of termination all the Powers concerned shall meet in conference within one year of the date of such notice. As the Japanese Government, on the last day of December 1934, gave notice of its intention to terminate the Treaty, the summoning of a new conference before the close of 1935 became obligatory.

I. Naval Disarmament since the War

A *résumé* of the movement to control naval armaments since the war will help to elucidate the situation that confronts the forthcoming conference. Between the date of the Armistice and the summer of 1921 large programmes of naval construction had been undertaken by Great Britain, the United States, and Japan. In the United States sixteen capital ships of exceptional size and power were actually on the stocks. Japan had begun work on eight corresponding vessels and had legislated for a further eight ships to implement her so-called "eight-eight" programme, which envisaged the creation of two complete squadrons, one of battleships and the other of battle

cruisers. All these American and Japanese units were considerably larger and more heavily armed than any British ship then afloat, with the sole exception of H.M.S. *Hood*. In these circumstances the British Government felt itself constrained to uphold the balance of power by introducing a replacement programme. In March, 1921, therefore, Parliament approved the building of four battle cruisers, which were to have been followed a year later by four battleships. Subsequently it became known that these eight ships were planned with a displacement of from 48,000 to 50,000 tons, which made them superior to the largest vessels then building abroad. Consequently, in the first half of 1921 the three Powers in question were committed to the building of 40 capital ships of huge dimensions and cost. The financial burden, already onerous enough, promised to become much more severe as the programmes approached completion; for the great size of the new ships called for larger docks and harbour works, and side by side with the battle squadrons new fleets of cruisers, torpedo-craft, and submarines were either building or projected.

Such was the position when, in July 1921, President Harding announced that Great Britain, France, Italy, and Japan had responded favourably to his suggestion that these Powers, in company with the United States, should meet to consider the question of limiting armaments. In the official announcement, armaments were linked up with Pacific and Far Eastern problems, and it was made clear that not the least of the objects was to reach "a common understanding with respect to principles and policies in the Far East". To this end China was invited to take part in the discussion on Far Eastern problems.

Agreement was finally reached at the Washington Conference on the question of reducing strengths in capital ships and aircraft-carriers, but for a variety of reasons it was found impracticable to impose a similar check on lighter naval armaments, such as cruisers, destroyers, and

submarines. The outstanding achievement of the conference, in the disarmament field, was the virtual scrapping of the three great battleship programmes. Great Britain cancelled the four units she had laid down; the United States discarded 13 of her 16 vessels, and of the 16 Japanese ships in hand or projected only two survived in their original form. As Great Britain was left with no ships comparable in power with the three American and two Japanese post-Jutland battleships that had escaped the holocaust, she was authorised to build two vessels not exceeding 35,000 tons displacement each, to mount guns of a calibre not above 16 in. Further, these limits of displacement and armament were accepted as binding by all five Powers. In short, the principle of "qualitative limitation" was established for the first time, and it was applied to cruisers also, by fixing a maximum of 10,000 tons displacement for such vessels, which were not to mount guns above 8 in. calibre. At the same time, limits—subsequently revised downward—were imposed on the displacement and armament of aircraft-carriers. In the category of capital ships and aircraft-carriers a sliding scale of relative strength was incorporated in the naval treaty that emerged from the conference. The British Empire and the United States were placed on a footing of tonnage equality; Japan was granted three-fifths of the tonnage aggregate allotted to each of those Powers, while France and Italy were each conceded slightly above one-third of the same total. All other types of naval vessels remained outside the scope of the treaty.

In the opinion of some observers the ship restriction clauses of the Washington Five-Power Treaty, important though they were, did not compare in significance with the article (No. 19) that stabilised the *status quo* in respect of insular naval bases and fortified stations in the Pacific. The essence of the agreement was to keep the main naval bases of the three chief Pacific Powers—Japan, the United States and the British Empire—out of battle range

of each other. On the eve of the Washington Conference both the United States and Japan were actively developing base facilities in the Pacific for the purpose of endowing their fleets with greater mobility. For example, the United States proposed to create first-class bases at Manila and Guam, while Japan was converting the Bonin Islands into an up-to-date Scapa Flow, besides exploiting the strategical possibilities of Formosa and other insular territories nearest to American possessions. Thanks to article 19 of the naval treaty, these ominous preparations were brought to a standstill, while Great Britain agreed to fortify no naval base beyond Singapore. In consequence, for thirteen years the fleets of the three Powers have remained separated by an oceanic "no man's land" which, for technical reasons connected with fuel capacity and steaming radius, it would be exceedingly difficult to cross.

The whole Washington system of naval limitation was intimately bound up with the political settlement over Far Eastern affairs that was reached by the conference. The settlement was based upon an undertaking by the signatory Powers to respect the integrity of China and to preserve the "Open Door" into that country. The outstanding strategical effect of the naval treaty was to confirm the supremacy of Japan in the western half of the Pacific and that of the United States in the eastern half, while severely curtailing the power of either to deploy any considerable naval force in the other's sphere of strategy. As for Great Britain, her ability to marshal armed strength in the Far East was much restricted by her undertaking not to modernise the defences of Hong Kong. Singapore, it is true, was exempted from the non-fortification clause, and has since been slowly developing into a naval fortress of commanding rank. But a glance at the map will show Singapore to be geographically remote from those waters where naval action might decisively affect the political destinies of the eastern Asiatic mainland. In other words, Singapore is essentially a

defensive outpost. In the present state of man-of-war development—with the cruising radius of ships restricted to a few thousand miles—Singapore would be wholly unsuitable as a base from which to project British force into the China Seas.

Few words need be wasted on the conference that met in Rome, in February 1924, to extend the principles of the Washington naval treaty to States that did not sign the original compact. The proceedings were chiefly remarkable for the Russian claim to a battleship tonnage superior to that of Japan, and for the presentation of Spanish demands that bore no relation to the financial resources of that country. As an exhibition of dialectics the Rome Conference may have been diverting; as a contribution to the serious task of controlling naval armaments it was negligible.

The third naval conference, summoned at the instance of President Coolidge, was held at Geneva in the summer of 1927. It was attended only by British, American, and Japanese delegates, France and Italy having declined the invitation on various grounds. The aim of the conference was to extend the restrictive clauses of the Washington treaty to cruisers, destroyers, and submarines, but it speedily became evident that no real basis for agreement as yet existed. Lord Jellicoe, as technical spokesman for the British delegation, claimed that the British Empire needed a minimum of 70 cruisers. This was the first official mention of the standard of cruiser strength at which the Admiralty aimed. The American delegates held the figure to be excessive. Great Britain tabled a proposal to restrict the armament of all future cruisers to 6-in. guns, but this was resisted by the Americans on the ground that 8-in. guns were necessary to offset the potential war value of the British liner fleet, the vessels of which could, they asserted, readily be armed with 6-in. guns and so converted into cruisers. Round this and other purely technical points a long and sterile discussion raged. The

Japanese delegates held aloof from the controversy and played a more or less passive rôle throughout the conference, which finally broke up without achieving any positive result. Three months later a Bill was presented to the United States Congress providing for the construction of 71 warships, including 25 cruisers, 5 aircraft-carriers, and 32 submarines. This measure was accepted as an earnest of the Government's intention to bring the United States navy up to full "parity" with the British. Later, the Bill was amended, and in its final form authorised the construction of 15 cruisers and one aircraft-carrier. All the cruisers were to be of the 10,000-ton type, and were thus 2,500 tons heavier than the maximum proposed by Great Britain.

The failure of the Geneva Conference had one salutary effect. It galvanised public opinion in Great Britain and America into realising that relative naval strength had become a crucial factor in Anglo-American relations, and from that moment the best minds in both countries were largely concentrated on the problem of settling this issue on an amicable basis. During the ensuing two years much quiet but effective spadework was done in London and Washington in preparation for the next conference, which was recognised as being vitally necessary. Some months after the Labour Government took office in 1929, the Prime Minister, Mr. Ramsay MacDonald, visited the United States and had a long private conversation with President Hoover. At a much later date it became known that Mr. MacDonald had informed the President of Great Britain's readiness to accept, on certain conditions, a strength of 50 cruisers instead of the 70 hitherto put forward as the minimum. The Admiralty, it was understood, had agreed to the reduction with the proviso that the cruiser programmes of other Powers should be correspondingly reduced.

With the chief stumbling-block out of the way, the path was clear for the new conference, to which invitations

from the British Government were accepted by all the Powers concerned. The first session was held at St. James's Palace on January 21, 1930. It soon became evident that between Great Britain and the United States there existed substantial accord on nearly all the fundamental issues. Japan, however, revealed her dissatisfaction with her quota of strength under the Washington treaty and held out for a slightly higher ratio, which eventually she received. The only British proposal that met with no American support concerned the restriction of future capital ships to 25,000 tons, of cruisers to 6,000 or 7,000 tons, and of their guns to 12 in. and 6 in. respectively. The United States declined to accept any modification of the higher standards of tonnage and armament fixed at the Washington Conference, urging that their lack of oversea bases demanded exceptional qualities of seaworthiness and cruising endurance in all American warships, qualities not to be reconciled with reduced dimensions. Nevertheless, despite differences of opinion on technical questions, the London Conference would have enjoyed fairly plain sailing had it been confined to the three leading maritime Powers.

But, as an Italian commentator, Signor Engely, has since reminded us, the London Conference was essentially a European conference.

> Of the two problems to be settled, one was that of fixing ratios between the British, French, and Italian fleets. The ratio between the British and American fleets, and, as a consequence, that between the American and Japanese fleets, had already been settled, apart from questions of detail, during the negotiations between London, Washington, and Tokio prior to the conference.

But, he adds, to the "cautious" British mind these ratios were provisional. They could become substantive only if the London Conference resulted in an agreement between Great Britain, France, and Italy whereby Great Britain could maintain a convenient relative strength, namely the two-Power standard, in regard to the two leading

maritime Powers of Europe. In other words, Great Britain would not and could not bind herself to a fixed standard of naval strength *vis-à-vis* the United States and Japan without an assurance that this would be high enough to guarantee her security in European waters. In effect, however, Great Britain did so bind herself without receiving the complementary guarantee.

In the upshot neither France nor Italy signed Part III of the London Naval Treaty, which was the essence of that covenant. Part III imposed quantitative limitation of the British, American and Japanese navies in respect of cruisers, destroyers, and submarines, while leaving the two continental Powers free to build as many such vessels as they pleased. Further, in consideration of the large, though ageing, block of cruiser tonnage that she possessed in 1930, Great Britain agreed not to complete more than 91,000 tons of new cruisers between that date and the end of 1936. This was a unilateral concession which has since been the subject of adverse comment by British naval students. On the other hand, the famous "escalator" clause allowed any signatory of Part III that felt its security threatened by the naval building of a non-signatory Power to make whatever increases it thought necessary in its own fleet; provided that it notified the other signatories and that they should be entitled to make proportionate increases.

The following table shows the completed tonnage in cruisers, destroyers, and submarines that the three leading Powers undertook not to exceed by December 31, 1936:—

Categories	*United States*	*British Empire*	*Japan*
Cruisers :—	tons	tons	tons
(*a*) with guns of more than 6·1-in. calibre . .	180,000	146,800	108,400
(*b*) with guns of 6·1-in. calibre or less . .	143,500	192,200	100,450
Destroyers . . .	150,000	150,000	105,500
Submarines . . .	52,700	52,700	52,700

II. A New Situation

IN spite of a rigid observance of the letter of the London treaty by all the signatory Powers, the five and a half years that have elapsed since it was negotiated have brought about a situation that can hardly have been contemplated by its authors. Fundamental changes have taken place in the fabric of world politics. In particular, Japan's expansionist policy on the continent of Asia has undermined the whole basis of the Washington settlement, and is the fundamental reason for her desire to upset the 5 : 5 : 3 ratio and for her denunciation of the naval treaty.

On the practical naval side there have also been important developments. Under the vigorous impulse of President Roosevelt the United States navy is well on the way to attaining "full treaty strength". By 1942, at latest, it will possess its full quota of tonnage in all categories, and, with the exception of the capital ships, all of this tonnage will be of post-war design. As against the 91,000 tons of cruisers that Great Britain was permitted to lay down until the end of 1936, the United States has completed or begun 180,000 tons. In destroyers, submarines, and aircraft-carriers she is building to the full limits authorised. She has also spent, or is spending, an average of 2½ million sterling on the renovation of each of her fifteen capital ships.

Japan, too, is well within sight of her treaty quota in all categories, and in her case, also, her post-treaty fleet is composed of the most modern types, with the exception of her nine capital ships, all of which are undergoing thorough modernisation. Since the Washington Conference the navies of France and Italy have been almost entirely rebuilt. Until recently both Powers concentrated on the production of fast cruisers, destroyers, and submarines, types that have been and still are being built in large numbers. Both countries have lately resumed the construction of battleships, the French programme comprising two of 26,500 tons each and two of 35,000 tons

each, while Italy is building two of 35,000 tons each. The present naval strength of the five Powers that are to take part in the new conference can be fairly displayed only by means of two comparative tables. The first table shows the numbers of ships actually built and in commission, whatever their age.

"Actual" Fleet	*British Empire*	*U.S.A.*	*Japan*	*France*	*Italy*
Capital ships	15	15	9	9	4
Aircraft-carriers	6	4	4	1	0
Cruisers, 8 in.	19	16	14	10	11
do. 6 in.	33	10	20	8	16
Flotilla leaders and destroyers	165	211	102	80	88
Submarines	56	84	57	97	69

The second table gives a somewhat different picture. It omits all units, other than capital ships, laid down before 1919, but includes all ships building and authorised, including those not yet begun.

"Modern" Fleet	*British Empire*	*U.S.A.*	*Japan*	*France*	*Italy*
Capital ships:					
post-Jutland	3	4	2	4	2
pre-Jutland	12	11	7	6	4
Aircraft-carriers	2	6	6	1	0
Cruisers, 8 in.	15	18	12	7	7
do. 6 in	20	17	19	12	12
Flotilla leaders and destroyers	81	58	83	71	55
Submarines	40	26	66	80	66

Summary statistics do not convey an entirely accurate impression of relative strength. Among cruisers, for instance, there are marked differences in size and armament, while included in the French flotilla leaders are 32 ships of an average displacement of 2,432 tons, which under London treaty rules should be rated as cruisers. Again, the average displacement of American cruisers is considerably higher than that of British, Japanese, French, and Italian ships. Eight of the 35 American cruisers average 7,050 tons, but all the rest displace from 9,100 to 10,000 tons. In general, too, British cruisers have a higher age average than those of other navies.

The naval renaissance of Germany is a new fact of great importance because of its reactions upon the policies of other Powers. Under the Anglo-German agreement signed in June of this year, Germany is entitled to build up to, and maintain, 35 per cent. of the naval tonnage of the British Empire. Further, she is conceded the principle of full equality in submarine tonnage, though this right is not to be exercised in present circumstances. The German building programme, announced on July 8, comprises two battleships of 26,000 tons, armed with 11-in. guns; two cruisers of 10,000 tons, with 8-in. guns; 16 destroyers of 1,625 tons, and 28 submarines. This, it was pointed out in Berlin, is only the first instalment of a building plan designed to raise the German navy to its full quota of strength specified by the agreement. Already the re-appearance of Germany as a formidable naval Power has had widespread repercussions. France has intimated that the new development will compel her to revise her naval policy with a view to achieving a higher ratio of power, and there have been concurrent reports of rearmament programmes from Russia, Poland, and the Scandinavian States. It is generally accepted that Germany has already regained her former strategical command of the Baltic.

It is already possible to foreshadow, from official and semi-official communications, the technical naval policy that each Power will pursue at the coming naval conference. These policies may be summarised as follows :—

British Empire. Perpetuation of quantitative limitation, modified to meet Japanese and French claims. Alternatively, a system of exchanging details of building programmes over a period of not less than five years, with a view to eliminating competitive construction and the springing of " surprises ". Reduced standards of tonnage and armament in all ship categories. Abolition of submarines, or alternatively their restriction to a maximum of 250 tons.

United States. Rigid adherence to the " yardstick " in the proportions now obtaining, *i.e.* a two-fifths American superiority over Japan. No reduction in existing standards of ship tonnage or armament. Approval of the abolition of submarines, but not of their restriction to 250 tons.

- *Japan.* Substitution of a "common upper limit" of aggregate tonnage for the ratio system. Abolition, or drastic reduction in size, of battleships and aircraft-carriers. Reduction in the size and armament of all other types. Retention of submarines on the ground of their "essentially defensive" character, but no objection to quantitative and qualitative restrictions. Maintenance of the *status quo* in regard to Pacific naval bases.

France. Prefers restriction by "global" or aggregate tonnage to the ratio formula. Favours qualitative limitation in all ship categories, and is prepared to reduce to British proposed standards of 25,000 tons for capital ships and 7,000 tons for cruisers. Would accept quantitative restriction of submarines within an aggregate limit of not less than 99,000 tons.

Italy. Adheres to the principle of naval parity with France. Supports a reduction in current standards of ship tonnage and armament, and prefers "global" tonnage restriction to the grading of relative strength by ship categories. Is sympathetic, in principle, to the proposed abolition of submarines.

These policies are strictly technical, and their modification or maintenance ultimately depends upon far deeper issues. What political settlement can be substituted in the Far East for the broken fragments of the Washington system? How far can Anglo-American co-operation be counted upon? What is the effect of the new American doctrine of neutrality * upon the ancient dispute over the Freedom of the Seas? What part are the Dominions to play in the naval defence of the British Empire? Where does a rearmed Germany stand in the European power system? Has Italy really conceived the ambition of controlling the eastern Mediterranean, the Suez Canal and the Red Sea? What demands is the revivified policy of sanctions likely to make upon the naval strength of the League Powers? What may be the effect upon world armament policies of a successful vindication of the collective system? To these questions some answer must be found before there can be any wide or durable agreement on naval limitation; for arms are but the instruments of policy, and until there is agreement on policy, any technical agreement on limitation must remain restricted and insecure.

* See the article, *America Keeps Out of War*, p. 30.

AUSTRALIAN DEFENCE POLICY

I. Australia and Empire Defence

IN discussions of Australia's naval and military policy and problems it is usual to consider the protection of Australia as a part of an imperial defence task. This does not mean that any party in Australian politics is now, or has been in the past, ready to commit the Commonwealth to any very definite prearranged plan involving obligations of active service abroad by Australian forces in defence of other parts of the Empire. Moreover, undertakings and pacts designed to keep the peace in Europe seem often to be pious aspirations or possible causes of war when viewed from the remoteness of the south Pacific, and there is in Australia a vague feeling that the Empire ought not to become involved in any conflict that does not directly threaten the lives of British subjects or the integrity of British possessions. The Australian public tends to think of defence, both local and imperial, in simple terms of immediate security—actual defence against actual aggression. Yet, notwithstanding a desire to keep out of foreign quarrels and a reluctance to make promises beforehand, most Australians probably regard the security of all parts of the Empire as a single problem in which Australia is vitally concerned. Australian military history is a record of participation in campaigns fought far from Australian territory. There have been no battles on Australian soil; but since 1885, when a contingent of the New South Wales forces was despatched to the Sudan, Australian troops have taken part in British wars. In 1900 a small colonial naval auxiliary force went to the Boxer War in China. The Australian colonial contingents sent to the South

African War numbered some 16,000 men. In the Great War, without conscription, some 330,000 Australians, from a total population of a little over five million, went abroad with the Australian Imperial Force.

It may therefore be assumed that, were the United Kingdom at war, public opinion would expect the Australian Government to make provision for the despatch of Australian contingents, if this could be done consistently with Australia's own security. And there would always be Australians ready to go. The position is somewhat different in peace-time. A centrally controlled organisation of all British and Dominion military forces in the Pacific, based on India, might be the ideal provision for the military defence of the Empire in this half of the world. But the British Commonwealth of Nations is a group of democracies; and no one with a knowledge of Australian sentiment or political conditions could entertain much hope that the Commonwealth would establish active military garrisons abroad in time of peace (except perhaps in Papua), or undertake any further peace-time obligations than preparation for the defence of its own coast-line and territories. To provide adequately for their own security is a peace-time task quite large enough for the Australian people. Whether the measures they have taken up to the present go far enough to accomplish it is a matter for the gravest doubt. Sir George Pearce, then Minister for Defence, in a speech * made in Sydney in 1933, said that the Government was "confident that if any part of the Empire is attacked the attacker will have to reckon with the whole naval and military power of the British Empire". But he added: "whilst the Empire, I am confident, will stand together to repel any attack, it is the duty of each part of the Empire to make its contribution to the preparations for defence".

In the present condition of international affairs it now seems to many Australians that the contribution that

* See below, Appendix, p. 68.

Australia can best make towards imperial security is to become as far as possible self-reliant. The situation in the Pacific is to-day very different from the situation before and during the Great War, and if the United Kingdom were at war the direct assistance that Australia could provide might be limited by the necessities of her own security and by a sense of danger in sending abroad any considerable part of her manhood.

II. The Problems of Australian Security

FIRST and foremost, Australia is an island in the south Pacific, and the "Far East" is in the north. The main sea routes from Australian ports to Capetown, Suez, Singapore, Panama, Vancouver and San Francisco are among the longest ocean crossings in the world. Since the capture of German New Guinea by Australian troops at the beginning of the war, no foreign Power has held any territory of importance closer to Australia than the Dutch East Indies. New Zealand, the closest British neighbour, is 1200 miles, more than three days' voyage, from the nearest Australian ports. Sydney harbour has coast defences and some docking facilities, which enable it to be used as a naval base, and there are also some more or less undefended harbours that might be used by small squadrons. But the nearest first-class British naval base, capable of accommodating a major fleet of all categories, is Singapore, on which, it is generally assumed, British naval strategy in the Pacific must be founded. The Singapore base has made possible British naval operations on an extensive scale in the Pacific—assuming the British fleet to be free to operate there, which, as is hereafter mentioned, may not be true in Australia's hour of danger.

Without questioning the importance of Singapore in imperial defence generally, one may doubt whether its importance in the defence of Australia has not at times been exaggerated. It has been said that Singapore in the

hands of Great Britain provides a sure shield to Australia, and that if it fell to an enemy Australia would have to sue for peace. The purpose of Singapore, however, is to be a naval base, not an Australian outwork, and it lies far to the flank of the direct line of an enemy attack from the north directed against the south-east corner of Australia. While Singapore was held by a powerful British fleet with liberty of manœuvre, large-scale operations against Australia would scarcely be possible. But a weak fleet based on Singapore would not necessarily achieve the same result. On the other hand, it is probably wrong to assume that the loss of Singapore, serious though it would be, would mean the immediate capitulation of Australia. The defence of Australia is not regarded by all informed Australian opinion as necessarily synonymous with the holding of Singapore.

Only second in strategical importance to Australia's insular geographical position is its size. Australia is a continent of 2,970,000 square miles. Distances between the main centres of population are long. The control of the sea route and coast between Melbourne and Brisbane alone involves a patrol of 1,100 miles, about the distance from Lisbon to Liverpool. In a direct line, Perth is farther from Canberra than Constantinople is from London. A coast-line some 12,200 miles in length might seem a far-flung battle line to be manned by a population of seven millions. The distribution of the population, however, is such that while it makes the defender's task difficult it limits the area of responsibility. The centre of the continent is a desert. The rural areas between the centre and the coastal belt are sparsely populated. Most of the seven millions of Australians live in the coastal regions, in towns and cities close to the seaboard of the south-east and south. The greater part of Australia's secondary industry is carried on in this area, and within twenty-five miles of the open sea. The important factory centres in Sydney are between two and ten miles of the coast; the steel and iron works at Newcastle are even closer, and the Newcastle–Maitland

coalfields not much more distant. Sydney and Melbourne, each with more than a million inhabitants, and all the other state capitals, Brisbane, Adelaide, Perth and Hobart, are practically on the sea. Many important trunk railways have long sections close to the coast.

An enemy landing on the uninhabited portions of the Australian coast or an attack on one of the more remote coastal towns, however easy it might appear to be to accomplish, and however alarming to contemplate, is not a probable event or strategically a serious danger, except perhaps if the enemy were seeking an advanced base for further operations. The garrisons of Thursday Island and Darwin in the north serve as sentry posts rather than as the picquets of an outpost line. The objective of enemy action against Australia, whether in the form of an economic blockade, a naval or air raid or a landing, would, if a desisive result were sought, necessarily be the concentrations of population and economic activity in the south-east. This is the ground vital to the defence, and it is also that most vulnerable to the attack.

Australia is in peace-time dependent on seaborne trade for marketing the bulk of her produce and for obtaining a very great part of the everyday requirements of her population. Certainly some of the things ordinarily imported in peace-time could be forgone in the event of war, and others could be produced locally. Some, however, particularly rubber, petrol and oil, which are essential for the prosecution of war, have at present to be obtained wholly from abroad. A stoppage of Australia's seaborne trade would very rapidly cause great inconvenience and a disorganisation of the Australian economy. In part, however, that disorganisation could doubtless be met by a reorganisation, perhaps of a more or less makeshift character; the population could at least be fed and clothed. The closing of her trade routes need not, and probably would not, of itself cause Australia to admit defeat.

III. Australia and Japan

IN Australian discussions of defence matters, distances are most often measured from Japan, and on that basis questions of transport and supply, and the factors of time and space, are debated by amateur strategists as well as by members of the services. But it would be wrong to suppose that Australia regards Japan as a certain aggressor or an inevitable foe. The White Australia policy is cherished without a hint of compromise; but a "Yellow Peril" is no longer generally regarded as the necessary consequence of a White Australia. From Darwin and some of the North Queensland towns, which are near pearling waters rather ineffectively policed by Australia, there come at times rumours of spies and of the movements of mysterious vessels. But most Australians refuse to be uneasy and are inclined to regard prophets of Japanese attacks as scaremongers.

The mission of Mr. Debuchi, the Japanese ambassador recently in Australia, was generally welcomed as a sincerely friendly one. Japan is a good customer for Australia's wool. Most Australians viewed with tolerance Japanese expansion into Manchuria, although many regretted the blow that the League of Nations suffered. But Japan is a first-class military and naval Power, whose policy appears to be dominated by her army and navy; and the collective system as understood in Europe seems to have but scant honour in the Pacific. The Washington treaties were, from Australia's point of view, a poor substitute for the Japanese alliance; and, moreover, their spirit seems now to have passed from the politics of the Pacific.

IV. The British Navy

UNTIL recent years a confident reliance upon the British navy was an article of faith for most Australians. To anyone who sought a material justification for

the preservation of the Empire or asked what valuable consideration Australians gained from their allegiance, the answer was ready: "the protection of the navy". Lord Kitchener's report on Australian defence (1910), which in the years that shortly preceded the war was the foundation of the Commonwealth's defence policy, began with the statement that

> It is an axiom held by the British Government that the Empire's existence depends primarily upon the maintenance of adequate and efficient naval forces. As long as this condition is fulfilled, and as long as British superiority at sea is assured, then it is an accepted principle that no British Dominion can be successfully and permanently conquered by an organised invasion from overseas.

But to-day Great Britain does not rule the waves. Her navy could not now hope to be alone the mistress of all the seas. The belief that no hostile Power could in any circumstances carry on operations in the Pacific without trying conclusions with the British fleet is not so strong as it was.

Conditions in the Pacific to-day are very different from those prevailing before 1914. The Anglo-Japanese alliance has come to an end. The power of Japan has increased. The naval power of Great Britain has become relatively less, and her principal fleets are not ordinarily stationed in the Pacific. Circumstances may arise to demand that the main strength of the British navy should remain in the Mediterranean or the North Sea. If trouble should come upon the Empire in the east and west simultaneously, probably few British ships could be detached for operations based on Singapore. This, at all events, appears to many thoughtful Australians to be the danger, remote perhaps, with which their defence policy must now reckon.

V. Australia's Security Plan

ENEMY action against Australia could take the form of either naval operations against Australian trade and an attempt to blockade the capital cities, or raids against the cities on the seaboard, or a large-scale invasion. Assuming New Zealand to remain in British hands, an invasion would be a difficult and hazardous undertaking for an enemy, because of transport and supply problems and the absence of suitable positions for an advanced base outside Australian territory. An invasion, however, is not an impossibility. An effective naval blockade of Australia would be possible if, and only if, the hostile navy could control at once all the widely separated lines of sea communication. Raids on Australian seaboard cities might have very serious consequences if made by aircraft and naval gunnery. But coast defences and anti-aircraft precautions could lessen this risk, and raids would not necessarily produce a decisive result unless accompanied by a military landing.

Opinions differ on the question how Australia can get the best value for the money she is prepared to spend on defence. In the past, the Royal Australian Navy has usually had the greater share. The wisdom of this, however, has not gone unchallenged of late. The Government's expert advisers no doubt urge the claims of their own services, and the public has begun to take some interest in the question. Articles, well informed if not inspired, have from time to time appeared in periodicals and the press. There is general agreement that the requirements of the Government's programme for the expansion of the air force should be met. The debate turns, not on that, but on the respective values for Australia of naval and military defence.

It is not simply a question of how a limited fund should be apportioned among parties each eager for a larger share. The claims of the navy and army are based on

different appreciations of the strategical situation. Those who seek to justify the present emphasis on naval defence point to the outstanding fact that Australia, although a continent, is an island—and Alfred the Great taught the Anglo-Saxons the significance of insularity in strategy. They point to the importance of trade routes and see Australia's great danger in an interruption of her foreign trade. They discount the chances of a major military attack, and say that the enemy could achieve his object by an economic blockade.

Naval tradition, moreover, regards imperial defence as a single, and primarily and obviously a naval, task, and the Royal Australian Navy as one unit of the imperial naval forces. The risk of British fleets being unable to operate in the Pacific, if it is a serious risk, can, it is said, be best provided against by an increase in naval strength; Australia's best contribution, therefore, is an increased Australian squadron. Australia with other British possessions in the Pacific can, it is urged, be effectively defended only by a fleet, based on Singapore, strong enough to keep the trade routes open, to operate successfully against a hostile navy, and to prevent the despatch across the Pacific of any hostile army. The primary rôle of the Australian military forces, like that of the British army, would be then to act as an auxiliary and protection to the navy and its bases.

In military policy, on the other hand, the main emphasis is placed on the local defence of Australia. It is urged that the danger is a real one, and that adequate provision by Australia to meet it would not be a small contribution to the security of the Empire. British naval forces, it is argued, if able to operate in the Pacific, could always protect some at all events of Australia's trade routes, and if the British navy could not operate in the Pacific then the Australian squadron would not be, and could not be made, strong enough by itself to prevent hostile action against Australia. In other words, it is said, it is quite beyond

the resources of the Australian people to provide a navy adequate to defend Australia without very substantial assistance from the British fleet; since that assistance may not be always or promptly available, more attention should be given to military preparations.

Advocates of this view deny, too, that Australia must needs sue for peace within a few weeks of the interruption of her foreign trade, although they admit that an economic blockade would be a serious matter. The danger, it is suggested, may be reduced if adequate emergency stocks of essential imports are carried in peace-time, and if the policy of making Australia economically self-sufficient is further encouraged. The traditional British reliance on the navy, it is said, is apt to prevent a realisation of the changed situation of Pacific affairs. Once it is admitted that British naval forces may be unable, even for a few months, effectively to control the operations of a major Power in the Pacific, then it is claimed that Australia can obtain the best insurance by paying increased premiums to the Australian military forces. It is urged that at least one regular division should be maintained.

It is not the purpose of this article to pass judgment on these conflicting points of view. It is enough to indicate that the need for adequate precautions by Australia is regarded by many Australians and by the Government as real, that the problem of the defence of Australia has been radically changed, that Australia cannot afford to rely simply on a hope of British naval supremacy in all places and at all times, and that Australia's most useful contribution to imperial security may well be sufficient preparation for the defence of her own territory.

The responsibility and duties of national status are differently interpreted in different Dominions, but it is not incorrect to say that the Commonwealth of Australia regards preparations for its own security as one of them; and, although the measures so far taken may be inadequate, some attempt is being made by Australia to fulfil the

obligation of bearing her share of the burden of imperial security, in accordance with the resolutions of the Imperial Conferences of 1923 and 1926.

Australia,
October, 1935.

APPENDIX

The Australian Defence Services

The Royal Australian Navy was established in 1909–11. Before that time the several Australian colonies, and, after federation, the Commonwealth, subsidised the Admiralty in return for the regular maintenance of ships of the Royal Navy in Australian waters. The Australian public probably expected the Australian Navy to be an Australian-controlled and Australian-manned protective force operating always in Australian waters. But in 1914, with danger of war in Europe becoming closer, the idea of a strictly Australian use for the Australian fleet received little prominence in Admiralty strategy. While the Commonwealth Government was still protesting against any plans involving the withdrawal of the Australian squadron from the Pacific, the war came. The Australian ships then passed, in accordance with arrangement, under the direct control of the Admiralty, and were engaged either in convoying the A.I.F., in trade route protection or in service in the North Sea.

The Royal Australian Navy returned from the war at its highest peak of strength; but by 1933 it had been reduced to four cruisers, one seaplane carrier and six destroyers, with sundry minor craft. And this squadron consisted largely of idle ships. At one stage, only two cruisers and one destroyer were in commission.

A system of compulsory military training and a general obligation of service in time of war were provided for by the Defence Act, 1909–10. Compulsory training came into operation in 1911. These provisions of the Defence Act were, however, restricted to service within Australia for home defence. The A.I.F. was therefore raised and recruited by voluntary enlistment, and proposals for conscription for military service abroad were twice rejected at referenda of the electors. After the war, compulsory military training was resumed in a somewhat modified and restricted form. From 1922 onwards the results of the Washington Conference and sanguine hopes of permanent peace, combined with parliamentary reluctance to

provide money, led to considerable inroads on the principle of universal compulsory service. In 1929, when a Labour Government took office, it completely suspended all compulsory training in time of peace. The military forces were then reconstructed as a voluntary enlisted militia.

This force, which is only a nucleus, is organised on a divisional basis in order to facilitate expansion in time of war. Its present strength is not more than about 28,000 militia and some 6,000 senior cadets. There are scarcely any permanent troops other than those engaged in staff and instructional work. The legal obligations of the militia are limited to a few days' training each year, some of which are spent in camps or barracks, and to active service within Australia in time of war. The rôle of the Australian army is the defence of Australia, but none the less it counts itself as a part of His Majesty's Forces and regards its local task as having a definite place in the scheme of imperial defence. Units claim as their regimental traditions the achievements and battle honours of corresponding units of the A.I.F., and that service for imperial purposes outside Australia might be morally, if not legally, required of them is assumed by most Australian officers and men.

The Royal Australian Air Force was formed after the war as an autonomous service. It comprises a Permanent Air Force and a Citizen, or militia, Air Force. In 1928, at the request of the Bruce-Page Government, Sir John Salmond made a comprehensive report on Australian air defence. At that time there existed the rudiments of an air force on sound lines, but it was wholly inadequate to meet any serious emergency. Sir John Salmond's report recommended its expansion in accordance with a nine-years' programme. The Government adopted the proposals for the first period of three years, but the coming of the economic depression delayed attention to even that preliminary work. Somewhat varying views are held concerning the proper rôle of the air force in Australian defence. The Australian public sometimes seems inclined to think that it could place its principal reliance on air power. Having regard to the vastness of the Australian territory and coast-line, the air force is probably capable of playing an important part in Australian defence, and of discharging a somewhat greater task than simple co-operation with the other services.

Aviation, other than purely defence aviation, is controlled by the Civil Aviation Department. There are now in Australia and New Guinea many commercial air routes on which regular services are maintained. Some of these are subsidised by the Government. All pilots and mechanics on the subsidised services must join the Air Force Reserve when called upon, and civil aviation may be regarded as providing an important reserve and auxiliary service for the Air Force.

AUSTRALIAN DEFENCE POLICY

In 1933 the inadequate state of Australian defence, due partly to economies during the depression, led to a strong public demand for more active measures. A Citizens' National Defence Committee was formed in Sydney, and gained considerable newspaper and public support. Of course its demands were questioned and opposed in some quarters. A number of organisations whose objects involved the promotion of peace and international conciliation objected to any increase in the defence vote. But the Government was prepared immediately to make some more effective provisions for defence and to lay down a definite programme that it proposed to follow.

Sir George Pearce, the Minister for Defence, in a speech delivered in Sydney in September 1933, speaking principally of naval defence, said that Australia's defence policy must "dovetail into the imperial defence policy", and he explained the Government's intentions. For the navy, he said, the Government's aim was to provide a squadron of four effective cruisers in full commission with requisite aircraft, a destroyer leader, and *four effective destroyers in commission, sloops and surveying* vessels for essential peace-time services and for use as minesweepers in war-time, the provision of the necessary bases, equipment, fuel, stores and personnel to maintain the efficiency and mobility of the squadron, together with military and air forces, guns and local naval craft for the adequate defence of bases and ports. To give effect to these proposals would necessitate a considerable building programme; for, of the cruisers in existence in 1933, two were of pre-war design, and the others, although of the later Washington type, were already coming under the criticism of experts. The six existing destroyers, too, were built in 1918–19, and had reached the age limit for effective operations. Steps were therefore taken to acquire a cruiser of the improved Leander type.* A further addition to the cruiser fleet is mooted, while one of the existing cruisers is to be scrapped. The Government also arranged for a destroyer leader and four destroyers to be taken over from the Royal Navy, and these have been on the station for some time, although only three of them are at present in commission.

The state of the military defences, the Minister said, had for some time caused the Government much concern. Here what was promised was improved coastal defences of vital localities: in particular, the replacement of obsolete guns of the heavy class, the provision of anti-aircraft guns, the maintenance of adequate reserves of ammunition, the introduction of some degree of mechanisation, the resumption of the practice of sending officers

* This new vessel, H.M.A.S. *Sydney*, is now co-operating, by agreement between the United Kingdom and Australian Governments, with the Mediterranean fleet.—*Editor.*

of the Permanent Forces abroad for further training, and the encouragement of militia training. Most of these things were long overdue, some were and still are urgently needed, particularly the provision of adequate anti-aircraft batteries. The Minister also mentioned proposals for an expansion of the air force. "The policy of the Government," he said, "is to give effect to Sir John Salmond's recommendations as funds become available." A start has been made. Delivery is now being taken of additional planes. The strength of the force has been increased, and the ground organisation improved. The current year's defence vote provides for further substantial expansion in the near future.

The recent annual expenditure on defence has been as follows (the Australian financial year commences on July 1): 1933–34, £4,582,000; 1934–35, £5,850,000; 1935–36 (estimates), £7,939,000.

There is throughout the Australian forces a general uniformity of organisation, of equipment, and (so far as local conditions allow) of principles of training with the corresponding British services. Australian units and Australians could therefore readily form part of an imperial force. A cruiser of the Royal Australian navy (H.M.A.S. *Australia*) is at present with the Mediterranean fleet, and in exchange a British cruiser is with the Australian squadron. Officers of the Royal Australian Navy and of the Permanent Military Forces often serve for periods with the Royal Navy and the British regular Army, and attend staff colleges and specialist technical courses in England. The General Staff of the Australian Army is organised as a section of the Imperial General Staff. The Australian Defence Department is in close touch with the Committee of Imperial Defence. The Commonwealth maintains naval, military and air force representatives on the staff of the High Commissioner in London, and the defence policy of the Commonwealth is in a large measure the result of consultation with the British Government and British defence authorities, and also with the Government of New Zealand.

THE COMMONWEALTHS OF THE NORTH

By a Correspondent

I. Scandinavia and Great Britain

PEOPLE in England are not altogether aware of the enormous political, cultural and economic influence of their country in northern Europe. Nor do they always realise that, taken as a whole, Scandinavia is not only Great Britain's best customer in Europe, but also, with the sole exception of India, this country's best market in the world. With a population of only 16·3 millions, the four countries of northern Europe take nearly 8 per cent. of our total exports (India, with her 350 million people, takes only slightly over 9 per cent.), while their share of our exports to the continent of Europe amounts to practically one-quarter. Great Britain's trade with Denmark alone—the smallest of the Scandinavian countries, having only a population of 3·5 millions—exceeds her trade with any other foreign country except the United States and the Argentine. Denmark to-day buys more from Great Britain than the Soviet Union, Poland, Roumania, Austria, Hungary, Czechoslovakia, Bulgaria and Yugoslavia, put together. During the last three years she increased her purchases in Great Britain by more than 50 per cent., and in 1934 they amounted to over £14 million. Sweden, Norway and Finland, too, have very largely increased their purchases in this country in recent years. They are all of them endeavouring to meet the legitimate British stipulation of "Buy British"; for of course Great Britain is far and away the best, indeed the dominating, market for Scandinavian goods.

The conditions laid down in the trade agreements entered into in 1933 have been scrupulously observed, and it is significant that out of the total increase of £5·3 million in Great Britain's European exports in 1934, as compared with 1933, Scandinavia was responsible for no less than £5 million. Sweden alone took nearly two million pounds' worth more of British goods than the year before. Thus the importance of Scandinavia taken as a whole cannot be under-estimated.

But can it be taken "as a whole"? The essential peculiarity of the Scandinavian or North European *bloc* is that it is no *bloc* at all. Indeed, if you talk to the representatives of any of the four (or possibly three) nations composing it, they will scorn the very suggestion of anything like the revival of "Scandinavism"—an obsolete notion of the nineteenth century. It is quite true, of course, that the romantic and somewhat impracticable ideas that animated the sponsors of an inter-Scandinavian cultural and political *rapprochement* in the past have had to be given up once and for all. But first the World War, and of late the international crisis, have driven the nations of northern Europe into very close co-operation with each other. This trend, furthermore, is based on very solid foundations. Despite all differences and national idiosyncrasies, despite also the fact that in many ways these countries are in direct competition with each other, there is an overwhelming community of interests with regard to all the vital economic, cultural and political issues. In their respective trade negotiations with Great Britain in 1933, for instance, the representatives of the three Scandinavian countries kept each other informed of the steps they were taking, for the results really affected them all.

During the war, it was essential to Sweden, Norway and Denmark to safeguard their neutrality and to protect their trade as best they could against the evil effects of the blockade and the submarine campaign. Repeatedly during that period the monarchs, the statesmen and the central

bank governors of these countries met in council to establish a joint line of action.

In the liberal era immediately after the war, international political questions, such as the League of Nations, or economic issues, such as free trade or the stabilisation of currencies, found particularly devoted and enthusiastic protagonists in northern Europe. This engendered inter-Scandinavian consultations and led to an ever-growing *rapprochement*. Then, for a while, it seemed that the world crisis—with its two fundamental slogans "Chacun pour soi" and "Sauve qui peut"—made all international co-operation impossible. But before long a new kind of "Scandinavism" began to take shape. At a conference held in Stockholm in September 1934, the Foreign Ministers of Sweden, Norway, Denmark and Finland agreed to recommend to their respective Governments that the four countries should establish a system of confidential and close collaboration, with a view to achieving certain entirely practical purposes, both in their relations with each other and in their joint relations with the rest of the world. Certain enthusiasts even suggested some sort of union and at any rate a military alliance. Others, on the other hand, who still cherished autarchic aspirations of various kinds, were opposed to even the vaguest kind of inter-Scandinavian arrangements. It must not be forgotten that there are considerable differences of national character and tradition among the peoples of the north, and that they are by no means willing to be, so to speak, "lumped into one".

Under the circumstances, the Governments of these countries had to take great pains in emphasising that no attempts would be made to encroach on each other's national individuality or independence, and that the whole scheme would be pursued with the utmost caution. Since the original Stockholm conference, others have been held in Copenhagen and Oslo, and it can be said that at no time have relations between Sweden, Denmark and Norway

been so close and cordial as they are now. There can be no doubt that on the one hand the dynastic ties between the three Scandinavian royal families, and on the other hand the fact that all three countries have socialist Governments, exercised a favourable influence for better understanding in the various circles involved. Thus the Scandinavian *bloc* can perhaps be best described as a purely moral union with specific economic purposes.

An attempt is also being made to bring Finland into this brotherly circle, although the strong chauvinistic anti-Swedish drive within that country makes her unqualified entry into the Scandinavian *bloc* somewhat difficult. On most international issues, however, Finland and the Scandinavian countries seem to be at one.

The truth of the matter is that all four countries are really faced with one problem and one problem only. All the others, both external and internal, are dependent on it. And that problem is—their relations with Great Britain. These relations have of late undergone considerable changes for both political and economic reasons. As far as trade is concerned, the established practice of the past was to sell to England and buy from Germany. When England turned protectionist the Scandinavian countries were told that if they wished to go on selling in the British market they should also buy in it. In fact the trade agreements of 1933 definitely tied them down to certain quotas of British coal and other goods from the United Kingdom. In order to be able to go on selling to England they had all followed her when she abandoned the gold standard—a step, incidentally, from which they benefited as much as or even more than she did. A switch-over from purchases in Germany to larger purchases in Great Britain was also facilitated by the strong antipathy of the free and democratic Scandinavian countries to the Hitler régime, and by the ever-growing feeling that together with the British Commonwealth they are the true pillars of parliamentarism and democracy.

As has been stated above, Great Britain is by far their best customer. Although the position has undergone considerable adjustment in her favour through an increase of British exports to Scandinavia and a reduction of imports from there, the United Kingdom still * takes 58 per cent. of Denmark's, 46 per cent. of Finland's, nearly 27 per cent. of Norway's and about 25 per cent. of Sweden's total exports. All four countries have made a very handsome effort to "Buy British" and have accomplished a great deal. Within barely four years the British share of Denmark's total imports has risen from 15 per cent. to nearly 37 per cent., while for Finland the figures are 12½ per cent. in 1931 and 25 per cent. now; Norway's purchases of British goods have increased from 20 to 24 per cent. of her total imports, and Sweden's from 14 to nearly 20 per cent. This expansion of imports from the United Kingdom has not been easy to achieve.

Now, when the Scandinavian countries were making their trade agreements with England they did not expect that these would result in an increase of their exports to the United Kingdom. But they did hope that they would be able at least to keep the markets they already had gained. In that respect they have suffered considerable disappointment, and their uneasiness is made all the greater because none of them know when and how their export possibilities may be curtailed still further.

II. A Democratic Family

THESE highly civilised, educated and efficient nations have been able to build up, and maintain despite the crisis, a singularly high standard of living. They owe it in a large degree to the success of their foreign trade operations, as well as to a sane and vigorous administration of their domestic affairs. The problem with which they are all faced now is how much longer they can expect the present state of affairs to last. Thanks to the wonderful

* The figures in this paragraph relate to the first six months of 1935.

wave of prosperity that they have enjoyed these last two years—in Sweden and Finland, it has actually taken the proportions of a regular boom, especially in such export industries as timber, pulp, wooden goods and iron ore—the countries of northern Europe have been able to develop an active economic policy. Yet each of them taken separately is only a small unit, whereas in any joint action they represent considerable world power. Thus the trend towards inter-Scandinavian co-operation rests upon the time-honoured principle " L'union fait la force ", even though this union may be difficult to achieve.

The eternal conflict between good intentions and vested interests has to be fought even among the Scandinavian family of nations. For despite their differences, which *must not* be *under-estimated*, they are essentially one family. They remind one of a family where each member has a definite personality and a definite business of his own, but where none the less the common background of the paternal house is strongly felt and where there is a latent fund of goodwill and understanding that can always be drawn on in any emergency. Of course there is competition between these four countries. For instance, Norway depends upon her fisheries, her shipping and her export of pulp and paper. In the two former trades she comes up against Danish competition, in the two latter against Sweden and still more against Finland. In Denmark the agricultural situation dominates everything and very largely dictates the policy of the Government. Sweden, for her part, being a large exporter of iron ore—with Germany as her best customer in that particular trade—must also take this industry into consideration. As to Finland, she has a very much lower standard of living than the three other Scandinavian countries, and is therefore in a position to under-sell them in most of her products, but especially in timber, pulp and paper. It has been said that Finnish competition is to Scandinavia what Japanese competition is to Great Britain.

In the conception of northern Europe or the Scandinavian *bloc*, Finland is a somewhat problematical factor. This young republic, born after the Russian revolution, has rapidly established itself on singularly firm foundations and has achieved a quite exceptional degree of prosperity. It happens to be the only State in Europe that pays all its debts, including even the debt to America. Finland is certainly a part of northern Europe as a political formation, but is she a part of Scandinavia? She occupies a peculiar position; for on the one hand she definitely does work with Sweden, Norway and Denmark, yet on the other hand she annoys them all with her vigorous economic competition and also with her ruthless attitude towards her Swedish minorities. Furthermore, Finland has a tendency occasionally to act not as a Scandinavian but as a Baltic Power, and her deep-rooted pro-German sympathies are by no means entirely a thing of the past. Yet economic interests make her dependent on Great Britain and therefore dictate the necessity of co-operating with Scandinavia proper. Whereas the political and economic adjustment of Sweden, Denmark and Norway is psychologically complete, in Finland the process is still at work. But the desire of all four countries "to get to know each other better" has to a large extent been gratified, and a great deal of progress has been achieved since the movement was started.

Sweden is to-day the acknowledged leader of the Scandinavian *bloc*, not only because she is its largest but also because she is its strongest and most prosperous member. Her social democratic Government under Per Albin Hansson has been singularly successful. The Swedish Premier, who has just celebrated his fiftieth birthday, is, like all the leading socialists in his country, a disciple of the late Hjalmar Branting, a great man and a great European. He is not a dry theorist or a dreamer, but an essentially practical man of great shrewdness and healthy common sense. Under him the party, indeed the whole country, enjoys a sensible and vigorous leadership, and it obviously

appreciates his administration. For at the last elections, despite the difficulties of the crisis and several years of office, Per Albin (as he is affectionately known to everybody) and his party were returned with an increased majority.

It is a peculiar fact that in all the four countries of northern Europe the social democrats (who are really *petit bourgeois* conservatives) represent about 40 per cent. of the electorate. In Sweden, Denmark and Norway they actually form the Government. This similarity of development has just been enhanced still further by the result of the Danish elections. There, too, after many years of office and despite a violent anti-governmental agitation, Stauning, the socialist Premier, has been returned with a triumphant increase in his party's poll. A proof of his popularity, indeed of the relief with which his maintenance in power was welcomed, can be seen in the fact that on the strength of it there was a sharp rise on the Copenhagen bourse. Surely it is an unprecedented event anywhere that stocks and shares should go up and the bourse should feel cheerful because of a socialist victory at the polls! In Scandinavia it is but one more proof of the moderate and sound administration of the countries' affairs by their nominally socialist Governments. Even in Norway, where the social democrats used to be rather "red," they have adopted the Swedish and Danish attitude.

III. The Problem of Germany

BOTH Stauning and Per Albin get on very well with the opposition parties and know when not to force an issue. At the moment they have got to manœuvre very carefully over the rearmament question, which is a national and not a party matter. The socialist Governments of northern Europe have always given the greatest possible support to the League of Nations. Scandinavia has been one of the pillars of Geneva and has set the example of disarming almost completely. Great Britain's attitude in the Italo-Abyssinian conflict has greatly enhanced her prestige in

northern Europe, where indignation against Italy is strong and universal. It is based on truly moral grounds. To the Scandinavians the cause of peace is something definitely congenial, and their belief in the League of Nations and all that it involves is no mere lip service to an abstract idea. The nations of northern Europe are genuinely humane and anti-militaristic by nature; in fact, the very idea of war is abhorrent to them. They were wise enough to keep out of the last European war, and Sweden has managed to avoid war for well over a century. They would do anything to avoid one again.

But to-day these countries feel threatened, and although the danger of an attack seems to be small they feel they must take certain precautionary measures. It is obvious that the only potential enemy is Germany. The Danes are fairly convinced that sooner or later there will be a German adventure in Schleswig Holstein. Even now the Nazis are conducting a sinister propaganda campaign among the German population there. Furthermore, say the Danes, if Germany decides to seize Memel, and meets with no resistance from the big Powers, would that not encourage Hitler to march into Denmark? Or again, if Germany decides to attack Soviet Russia, would that not start a war in the Baltic, thus raising a serious threat to both Sweden and Denmark? And has not the Anglo-German naval pact presented Germany with the virtual hegemony of the Baltic? It is for such reasons as these that the northern countries are worried and are anxiously looking to Great Britain, trying to guess what she would do if such contingencies were to arise.

It is fairly obvious that none of them could stand up to Germany alone. It is also logical to assume that Great Britain would intervene, not only because of her League pledges, but simply because she could not afford to allow Germany to establish herself in, say, Denmark or Iceland. But Great Britain is proverbially slow to act, and the Scandinavian countries feel they must at least take some

steps to protect themselves. The rearmament question is a great test of the skill and diplomacy of their social democratic Governments. Nothing would be easier than to turn public opinion against them if they were to do something clumsy or iconoclastic; after all, even the socialist workers cannot fail to follow the logical argument of the conservatives, that if there is danger of an attack the best thing to do is to have enough arms to meet it. The reluctance, however, with which the present Cabinets of northern Europe face an issue that is truly hateful to them will be readily understood.

It is hardly surprising that with the trend of the last few years Germany should have lost a great deal of her prestige and popularity in northern Europe. The Scandinavian countries are free peasant democracies, and have no use for dictatorships or terrorism. They are singularly well-balanced people, and this is very largely due to their healthy closeness to the land. There are but few large cities and no hereditary industrial proletariat. The workers are peasants or peasants' sons, and they have not lost contact with their farms. For over a century the Scandinavians have enjoyed an excellent educational system, and for a good many years schools and universities have been free of charge. Hence they are equally accessible to all strata of society, and they produce men whose qualifications are knowledge and efficiency, not merely social position. The Scandinavians have been accustomed to complete political freedom for generations, and that makes any sort of class, religious or social discrimination or oppression hateful to them. Their social and financial legislation of the last decade has produced a great equalisation of income. There are no vastly rich people on the one side, no starved and disease-ridden slums on the other. Among the leaders of commerce and industry there are a few monied people, but many are of very humble origin. They all devote a great deal of time to the voluntary service of the State, sitting on committees, attending international

conferences, or travelling to distant parts of the world to promote trade and better political understanding. Under the circumstances, it is difficult to imagine what further advantages could be secured through nationalisation of industry or trade, or, indeed, against whom or for whose benefit any radical social changes could take place in these countries. They have their extremist parties, of course, but these are quite insignificant, and are really of foreign importation—at least ideologically speaking. There is no basis for fascism or communism in Scandinavia.

The high repute in which democracy and parliamentarism are held there is considered a great link with England. During the recent celebration of the Swedish Riksdag's quincentenary, great stress was laid on its affinity with the British Mother of Parliaments. Scandinavia has a genuine and deep admiration for Great Britain, her traditions and institutions, indeed for everything British, and she is proud of her close association with this country. To the firmly established economic and political ties must be added the cultural ties, which in their present form are of fairly recent formation. Not only is the English language ousting German in the schools, but in every other way English art and letters are becoming better known in northern Europe. Translations from the English fill the booksellers' windows, and practically every new book of importance is translated into one or more Scandinavian languages—though there remains a curious predilection for Arnold Bennett and Ethel M. Dell. Lectures on Great Britain, or addresses by distinguished British visitors, attract a great deal of attention. English plays are frequently performed in the truly excellent theatres. Personal contacts are established, not only by the innumerable Scandinavians who visit England on business, study or pleasure, but also by the ever-growing number of British tourists who spend their holidays in Scandinavia.

The visit of the Prince of Wales, and of Prince George as he then was, in the summer of 1932, or Mr. Anthony

Eden's trip in the summer of 1935, were definite landmarks in the history of Anglo-Scandinavian relations. Again, the marriage ties that unite the three Scandinavian royal houses to the British throne are a strong and popular link between the countries.

Great Britain and everything British enjoy the greatest goodwill in northern Europe, and this at a time when in most other countries the opposite is the case. But unfortunately people here are not sufficiently aware of the importance of all this. They frequently offend the Scandinavians by being too casual, too insular and too reserved. They expect the Scandinavians to take all the trouble, and while they insist that northern Europe should "Buy British" (which it conscientiously does) they will not learn how to "Sell British". It is humiliating and annoying to hear in Scandinavia the eternal complaint about British firms quoting in guineas, ounces, inches and other unintelligible terms; it is depressing to be told of opportunities missed because of inadequate knowledge of local conditions and requirements; it is positively unpleasant to see some of the British travellers who go out there to hunt for business.

Germany is unpopular in the countries of northern Europe on account of her politics and also because of the losses her currency and other restrictions have caused to Scandinavian merchants. But Germany knows what they want and how to "deliver the goods". Great Britain enjoys the greatest popularity and possesses the further advantage of having tied down the Scandinavians to buying from her a certain minimum of their requirements. But apparently Great Britain does not know how to "deliver the goods", and that is why she is wasting golden opportunities. This is all the more unforgivable in that her official representatives there are able, keen and well-informed people who are only too willing to do all they can for the promotion of a further Anglo-Scandinavian *rapprochement*. We may wake up one day to find that we have lost, not merely a good customer, but one of our best friends.

KENYA: THE SETTLERS' CASE

EDITOR'S NOTE:—*In view of the disturbed political situation in Kenya,* THE ROUND TABLE *invited a leading member of the settlers' community to describe in these pages the colony's problem as seen by that community. The views expressed are therefore his own and those of other prominent settlers with whom he consulted; they must not be regarded as in any sense those of* THE ROUND TABLE.

I. THE UNDERLYING CAUSES

QUITE apart from unavoidable difficulties that may exist in individual areas, a considerable amount of evidence is beginning to accrue that there exist also a number of avoidable complications and causes of discontent within our colonial empire, more especially in the African dependencies. It might, therefore, be of general interest if one who has been intimately connected with Kenya's problems on the spot, and incidentally with the problems of the adjacent territories, which are all interwoven with those of the Rhodesias and the Union, were to endeavour to give some account of the causes underlying the feelings of discontent, insecurity and grievance that undoubtedly exist in East Africa.

Speaking very generally, these causes are twofold.

1. The economic and monetary policy of the United Kingdom since the war, which worked in the direction of benefiting the United Kingdom at the expense both of the Dominions, who are at any rate in the position of controlling their own affairs, and of the colonies, who are for the most part inarticulate and helpless, and have been denied such measures of relief as have been adopted by all other areas of the New World that have

London sterling obligations and are dependent upon primary production for export.

2. Control by a rigid, unsympathetic, and out-of-date crown colony government machine, apparently incapable of readjusting itself to the rapidly changing conditions of to-day. The only appeal against the decisions of this autocratic body is by petition or by costly delegation to the Secretary of State, which amounts to an appeal to the same court as gave the initial judgment.

Apart from Southern Rhodesia, and possibly Northern Rhodesia—which, however, has only a very small population—Kenya can be compared with no other British colony. The main difference between Kenya and most of the other units of the colonial empire lies in the fact that its economic and financial structure is largely based upon large-scale, European-controlled primary industry, whereas the economic structure of those other units is based upon small-scale, individual native peasant production. The result is, of course, that Kenya has a large, virile and articulate European population, some of them now of the second generation, that is to say, the grandchildren of those who originally came out.

This settler community is of the highest possible quality, consisting, as it does, not only of immigrants from the United Kingdom, but also of an exceptionally good class of settlers from South Africa, Australia and elsewhere. Furthermore, a considerable proportion of the total consists of persons who have had wide experience and who have made good in other walks of life. It cannot be expected that a population of this type should remain content to see its economic position completely undermined by the lack of policy of a Government dependent on an uninstructed electorate situated 6000 miles away, or to accept indefinitely the position of having no say in the conduct of its own affairs.

It was, in fact, generally realised, even before the world depression became acute, that the existing system of government could not continue indefinitely, and when the full hurricane of adversity set in it became abundantly clear that

the system was proving a failure; for under crown colony government decisions can hardly ever be made without interminable references to the Secretary of State, a fact that not only causes serious obstruction to development in normal times, but during a period of depression reacts disastrously in that any problem which looks slightly thorny is conveniently shelved, and main issues are avoided. In order to understand more clearly how the regrettable friction that now exists between Government and the governed has arisen, it is necessary to review the history of the post-war years in some detail, beginning with the economic history.

The extent to which the immediate post-war policy followed by the Imperial Government, directed to securing the earliest possible return to the gold standard, adversely affected the Dominions, colonies and dependencies is not generally appreciated. The pursuance of this policy led to a great appreciation of the commodity value of the pound sterling, in other words to a continuously falling price level. New countries dependent entirely on agriculture suffered an enormous increase in the physical burden of all debts expressed in terms of London sterling, and to a consequential increase in the physical burden of debt upon the individual primary producer, owing to the rigidity of major costs such as London charges, shipping freights, port dues, railway freights, road transport, and taxation charges, all of which have in the end to be met in produce.

The sterling world was, however, rushed back to a gold exchange standard in 1925, an effort that ended in failure; England was compelled to default on her obligations to America, and the whole policy eventually fell to the ground. Meanwhile, however, the disastrous repercussions on the new countries continued, and were aggravated in East Africa by the " fixation of the rupee ".

During and immediately after the war, the official currency system of the East African territories consisted of the

Indian rupee, which, immediately after the war, fluctuated between 1s. 4d and 2s. 8d sterling. In India, on the recommendation of the Babington Smith Committee, an attempt was made to counteract this fluctuation by a return to the gold standard. In East Africa, the rupee was arbitrarily fixed by statute at 2s. sterling, and East Africa did not even obtain the subsequent relief that India found in the collapse of the Babington Smith policy, because, incredible though it may sound, although the rupee reverted to 1s. 6d, the East African money unit remained legally pegged at 2s. The effect was to add 50 per cent. to the whole cost of government and of the railway, to add 50 per cent. to government liabilities in the forms of note issues and subsidiary coins, and to add 50 per cent. to all rents, royalties, overdrafts and other monetary obligations. The producing and mercantile interests of the colony were very nearly ruined, and the Government was left with a huge deficit in its currency account. With this terrible initial distortion Kenya was left to face all the problems that other colonies had to face in the years of falling price level.

II. The Budgetary Problem

NATURALLY, the country got into difficulties after this rupee fixation. The Government's efforts to deal with the situation were ineffective, and the unofficial settler community were driven in self-preservation into a fierce struggle with the Government. As a result, a strong committee (the Bowring Committee), mostly composed of unofficial members, was set up, and was given wide powers to make recommendations for the immediate measures necessary for the restoration of some equilibrium. Much was done by this committee, but one main recommendation, which would have abolished the distortion of the official salaries position, though introduced as a government measure, was defeated by the casting vote of the Governor, in spite of the fact that a number of civil servants, to their

lasting credit, voted for it. Official emoluments are still over double their pre-war level.

As soon as the Bowring Committee disappeared, and the colony was again placed on an even keel, a riot of spending broke out. Government expenditure, which had been limited to £1,861,000 in 1924, rose to £3,439,000 in 1930.* Protests from the unofficial community became increasingly vocal and acrimonious. Large deficits appeared at the end of each year from 1929 to 1933 inclusive. These deficits were foretold by the unofficial elected members of Council, but their representations were disregarded, the assurance of Government apparently increasing as the falsity of its prognostications became more obvious.

Early in 1932, on the recommendation of the joint parliamentary committee, Lord Moyne was sent out as Special Financial Commissioner; his original terms of reference were to investigate generally what proportion of total taxation was contributed by and expended on the different races. Shortly after his arrival, however, supplementary instructions were given, authorising him to review the general budgetary position of the colony, and to make recommendations for any readjustments in taxation or expenditure that he might consider necessary. Lord Moyne was only in the colony for six weeks, a period obviously insufficient for him to make the investigations required to deal effectively with these enlarged terms of reference; he therefore resorted to the expedient of including in his report recommendations to the effect that an Economy Committee should be set up to suggest ways and means of reducing government expenditure, and that it might be advisable to introduce a measure of income tax. In other words, he confirmed that expenditure was taking place on too lavish a scale, and that revenue was insufficient to meet the Government's commitments, and he left it to

* The total value of Kenya's domestic exports in 1934 was £1,910,000. Kenya's estimated gross expenditure for 1935 is £3,188,041, and net expenditure £2,111,565.

others to endeavour to balance these two factors. An economy committee had been asked for by the unofficial community ever since 1930, but no such body was called into being until July 1932, and then only on the advice of Lord Moyne. Furthermore, the terms of reference were carefully restricted so as to make it impossible for the committee to recommend the drastic measures obviously necessary to deal with the situation. This was forcibly pointed out to the Government, but without avail.

The Kenya Government thus appeared to have no plan or policy, and Lord Moyne's first recommendation was only half-heartedly complied with. Their attitude, however, to the second recommendation was entirely different. The proffered opportunity of raising further revenue was eagerly seized upon, and, without any previous consultation with the unofficial community, a gentleman suddenly appeared in Kenya, at Kenya's expense, charged with the duty of drawing up an income tax ordinance—this form of direct taxation to be superimposed on all other existing taxes. Income tax, incidentally, had been tried before in Kenya, and had proved a failure. The unofficial community looked upon the arrival of this uninvited and expensive official as a gross insult. Feeling ran at fever heat, and a petition was sent to the Secretary of State. The people demanded that the income tax commissioner should be immediately withdrawn, and that Government should at long last take adequate steps to reduce expenditure, and not to increase taxation. They added that, in order to afford Government the breathing space necessary for readjusting its machinery in accordance with the recommendations of the Expenditure Advisory Committee, they were prepared to provide further revenues by means of certain specific emergency measures of taxation, on the strict understanding that these were to be considered as temporary and were to be withdrawn at the end of 1934.

Meanwhile, the persistence of the decreasing price level, coupled with drought and an infestation of locusts, rendered

the individual settler's economic position very grave, and various basic industries of the country showed signs of imminent collapse. It was therefore suggested by the elected members that some body should be brought into being to enquire into the internal economic position of the country as a whole, as apart from Government's budgetary position, and to make suggestions for remedial measures, such as were being brought into force in practically every other similar country in the world. Government half-heartedly agreed, but in view of the fact that the Secretary of State himself was about to visit the country they postponed taking a final decision until the Governor had had time to consult with him. The Secretary of State's visit was keenly looked forward to by the unofficial community; for they considered that a heaven-sent opportunity had been granted them to put forward a reasoned case to the real arbiter of the country's affairs. A memorandum was carefully prepared, and was submitted before an interview was granted. To describe the interview as disappointing would be to use a mild term. The Secretary of State was very abrupt, and in so many words informed the deputation, which consisted of all the elected members, that he was unable to prevent bad times, that little or nothing could be done, and that they just had to "make the best of a bad job". This interview contributed in no small degree to the increased irritation that has manifested itself from that date.

With regard to the proposed investigation, the Secretary of State informed the Governor that he could see no useful purpose in appointing any such committee. This very nearly led to another crisis. It was pointed out to Government that they had practically promised to arrange for such an enquiry, and after an acrimonious struggle they gave in, rather than be accused of a breach of faith, although they expressed a doubt whether the committee would make any useful contribution towards the solution of the problem. This committee, known as the Economic Development Committee, after sitting for 7½ months, submitted many

recommendations for measures calculated to help various basic industries. Many of these recommendations, to be of any use, should have been implemented within a very short space of time. No steps were, however, taken to carry them out.

The last budget session was held in December 1934. Government's budgetary proposals were opposed by all the elected members, on the ground that quite apart from various objectionable details they provided for a continuance of the emergency taxes, which it was assumed would be withdrawn by the end of 1934. The budget was, however, forced through by the government majority, and the elected members decided to leave Council in a body, resign their seats, and appeal to the country.

At this stage, the Governor intervened by stating that if ways and means could be found of still further reducing expenditure, he might consider the removal of the emergency taxes, and he agreed to appoint yet another economy committee to see whether further reductions in government expenditure were practicable. The elected members accepted this proposal, and the committee was duly appointed, but seven months were allowed to elapse before any further session of the Legislative Council took place.

III. The "White Highlands"

MEANWHILE there were other matters that were tending to incense the settler community. During 1934 the report of the Carter Commission had been published. The Carter Commission conducted probably the most important enquiry that had ever taken place in Kenya. It dealt with all land questions, including settlement of native claims, consideration of the future needs of the native population, and a review of the working of the Native Land Trust Ordinance; finally, it was to define the area within which persons of European descent were to have a privileged position in accordance with the White Paper of

1923. The recommendations of this Commission were accepted by the Secretary of State, and agreed to in the House of Commons in July 1934, but although these recommendations vitally affected every single individual in the colony the report was approved and accepted in England before anybody in the colony had seen it, or had been consulted, a procedure to which strong objection was naturally taken.

The Carter Commission report was debated in the Legislative Council during September 1934. During the course of the debate, nearly all the elected members spoke, but only at the end of the debate were they favoured by the intervention of a single Government speaker, who spoke non-committally for less than twenty minutes—scarcely a happy or tactful method of dealing with a major issue at a time when feeling was running rather high. The elected members made it perfectly clear that their acceptance of the report hinged unconditionally on the immediate carrying out of its recommendation for securing a very much curtailed area, to be known as the "White Highlands", to white settlement for all time, by means of an Order-in-Council. It may not be without interest to mention that, although this article is being written at the end of October 1935, this recommendation has still not been implemented.

The question of the White Highlands is possibly the one that is least understood in England, and about which the strongest feeling exists in Kenya. It must be remembered that European settlement took place at the invitation and with the encouragement of the home Government, and it has always been definitely understood that the highlands would be reserved for Europeans, due regard being given to the needs, present and future, of the indigenous native population. The precise area to be reserved has, however, never yet been delineated. Proposals for a final and fairly satisfactory settlement of this problem were made by the Carter Commission. It is as well to remember that it was this same problem that led to the crisis of 1923,

at which time the white settlers went to the length of arming in order to preserve what they looked upon as their birthright. Feeling has in no way abated during the last ten or twelve years. The question resolves itself, in part, into one of European claims versus Asiatic pretensions—in no way of Europeans versus natives, for in no area of Africa have relations between a European immigrant race and an indigenous African population been so harmonious as in Kenya. There is, however, a large population of Indians, numerically nearly twice as strong as the Europeans, and the difficulties raised by the gradual infiltration of a somewhat low-class Indian population, whose standards of living are totally different from those of Europeans, must be viewed at close quarters to be appreciated. The same problems had to be faced in the Rhodesias and in South Africa, but were dealt with before they reached the acute stage that they have now reached in Kenya.

The settlers realise the difficulties with which the Imperial Government have had to contend recently owing to the passing of the India Bill. They have been patient in spite of some provocation on the part of the Indian community. Their patience is, however, becoming exhausted, and they are determined that some permanent protection against this danger shall be afforded without delay. Unless steps are promptly taken to implement the reasonable recommendations of the Carter Commission, it is almost certain that some major incident will occur in Kenya before long.

Another subject that caused no small amount of irritation was the attitude of the Colonial Office towards the employment of Kenya-born youths and girls in the Kenya civil service, the settlers contending that it was only just that preference should be given to Kenya-born candidates, provided always that they were up to standard and possessed the necessary educational and other qualifications. The Colonial Office, however, discourage the appointment of Kenya-born candidates.

IV. The Present Position

THE most recent session of the Kenya Legislative Council was held in July 1935, after an interval of 7½ months had elapsed since the previous session. The atmosphere was extremely tense. The European elected members, by way of motion and questions in the House, endeavoured to pin Government down concerning their policy on certain major issues. They first asked what Government's policy would be with regard to the temporary and emergency taxes at the next budget session. The reply was that Government had not made up their minds, coupled with a denial that they regarded the emergency taxes as being temporary.

The question of railway administration was then touched upon. The railway had got into difficulties during 1931 and 1932, but partly owing to drastic reductions in overhead expenditure, and largely owing to increases in railway freights, the financial position by the end of 1934 was a thoroughly sound one, and the railway ended that year with a substantial surplus. The general manager, however, had suggested in his annual report that instead of affording relief to primary producers he considered it advisable to maintain the increased rates in order to enable him to build up a reserve fund of one million sterling, to safeguard the position of the railway against any future depression. The settlers considered this a fantastic suggestion at a time when the country had not yet begun to emerge from the depression, and when all primary producers were producing at a loss. Government's reply was that this was not a reasonable question to bring up in Legislative Council, since the railway served two territories and was controlled by an Inter-Colonial Railway Council, and not by either Government. This reply was considered unsatisfactory by the unofficial members, who maintained that economic stability must to a great extent depend upon the policy adopted by the state railway, and that it was the duty of

Government to have some ideas of their own on such a vital issue.

The next question raised was that of the security of the White Highlands; when, if ever, were the recommendations of the Carter Commission to be implemented? The answer was that Government did not know, but that no doubt these matters were being discussed by the Governor and the Secretary of State in England. A question concerning the employment of Kenya-born candidates in the Kenya civil service was pressed to a vote, and the full complement of 21 Government members were seen to vote solidly against any such suggestion. Lastly, a debate took place on the recommendations of the Economic Development Committee, already mentioned above. Nine months had elapsed since that committee reported, and at last a White Paper had been published depicting Government's attitude towards the recommendations made; it showed that, although Government approved of most of the recommendations, no adequate or immediate steps were contemplated to implement them. The unofficial members pointed out that every other country in the world had been obliged to take drastic steps to safeguard its internal position during the depression, whereas in Kenya no such steps had been taken, Government's policy from first to last having been one of " drift ".

Government's replies on all these points caused grave dissatisfaction, and towards the close of the session a section of the European elected members left the Council, explaining that the history of the past few years clearly demonstrated that the Legislative Council was to be regarded as a time-honoured pantomime and that the constitution had been turned by the Government into an efficient machine for obstruction.

Public meetings were called all over the country, and it was decided to summon a session of the Convention of Associations, a body that has existed in Kenya for the last twenty-five years. Delegates attend this Convention from

all the farmers' associations throughout the country. Just before the Convention met, the Governor, who had been in England on sick leave, returned and was immediately told of the general feeling of the country by the chairman of the European Elected Members' Organisation. He thereupon wrote a letter to the Convention to be read out at the opening of its session.

It had been confidently expected that the Governor, on his return, would be able to state that his conversations with the Secretary of State had borne fruit. It was at least hoped that he had brought back an assurance that further money for the Land Bank would be forthcoming, and that the question of the security of the White Highlands had been adequately dealt with. Unfortunately his letter revealed that nothing had been achieved.

A deputation from the Convention, which included a number of European elected members, sought an interview with the Governor, at which he adopted much the same attitude as Government had adopted during the recent Legislative Assembly. He would not commit himself with regard to taxation, nor could he give any assurance that the Carter Commission's recommendations regarding the White Highlands would be immediately implemented. He did, however, agree to ask the Secretary of State to send out a Special Commissioner * to enquire into the possibility of reorganising the government machine with a view to bringing it more into line with the modern needs of the country, and further, to report whether any fresh reductions in government overhead expenditure were possible. He also agreed to enlarge the terms of reference of a committee that was about to be appointed to consider the feasibility of a government bond issue, with the idea of releasing frozen mortgages.

The question of overseas loans was raised, but according to the Governor this had been enquired into in England, and the conclusion had been reached that no alleviation

* Sir Alan Pim has now arrived in the colony.

could be obtained. The total public debt of the colony amounts at present to £17,205,600, on which debt charges amounting to £1,065,918 have to be met in 1935. Kenya is paying annually in interest and in sinking fund on its borrowed money substantially over 6 per cent.; for a number of the loans were raised at a discount, with the result that during the past few years a quite disproportionate burden has been thrown on the colony. Generally speaking, the loans raised on Kenya's behalf in England appear to have been floated on exceptionally harsh terms, and no early redemption dates were provided. The Kenya five million 6 per cent. loan of 1921, which was issued at 95, and which is not redeemable before 1946, is the most onerous loan that has ever been imposed on any colony or dependency controlled by the Colonial Office. It is claimed that some conversion scheme could and should in common fairness be formulated, whereby, in view of the cheap money available to-day, the existing onerous loans could in some way be converted.

After a number of other subjects had been discussed with the Governor, the deputation returned to the Convention, which felt that little or nothing had been achieved. It was unanimously agreed that the present state of affairs could not be tolerated, and as the Convention could not remain in session indefinitely it was decided to form some body capable of exerting continuous day to day pressure on Government, and of organising the whole country into a determined and effective opposition to Government if necessary. The body formed is now known as the "Colonists' Vigilance Committee", and it consists of the European elected members, together with one extra representative from each electoral area, and several representatives of the big towns; there are district sub-committees throughout the country. That is the position to-day, and, as will be seen, it is an extremely uncomfortable one.

Now, admittedly this article is written from the Kenya settlers' point of view. It may therefore to that extent be

said to be biassed. On the other hand, the average Kenya settler does try to preserve some sense of proportion. He would much prefer to work with Government, and not against Government, for he is by nature and tradition conservative and loyal. He genuinely feels, however, that he has been unfairly treated over a period of years, until at length disillusionment and suspicion have engendered in his soul an absolute determination to fight for what he considers his minimum rights as a loyal British citizen.

What does he want? In the first place he cannot be expected to remain content to be regarded as merely on an equal footing with the other communities in the colony. He is, after all, of the same kith and kin as the ordinary citizen in Great Britain. It is the European settler who has built up Kenya, not, as some would have us believe, at the expense of the African, but very much to his advantage. It is the Kenya settler who stands up for the African—often against Government—and not Government who protects the African from the Kenya settler. Having supplied the driving force and the necessary finance for the development of the country, the British settler now demands that he should have some real and responsible share in its government. There will be no peace in Kenya until this demand is met.

The constitution to-day provides for a Legislative Council and an Executive Council. The former has to pass legislation, but the latter initiates it, and more nearly represents the Cabinet in democratic governments. It is therefore obvious that abolishing the official majority in Legislative Council alone would not go far enough in associating the unofficial community in the government of the country, and the settler expects to be given also more power in the executive organ of government, that is, in the Executive Council.

The land that he has developed he considers should be sufficiently safeguarded to his race to enable him to pass it on to his children. During world upheavals, such as

have taken place during recent years, he considers that he has the same right as every primary producer in other parts of the Empire to have proper steps taken to safeguard his economic existence, pending a return to normality. He considers also that he has a right to have his children educated without being told that a demand for compulsory primary education will only lead to similar demands by the Asiatic and the native, and therefore cannot be thought of. After all, he only claims for his own children the birthright of every European child, to be given at least primary education, whether or not it is given to every Asiatic and African. He considers that as this country has been developed by white settlement, a proper settlement scheme, acceptable to himself, should be introduced, and that once and for all he should be told whether or not Government encourage white settlement, or whether, as he sometimes suspects, the truth is that they wish to keep settlers out of the country.

At the moment, he feels that he is driven by force of circumstances into a determined opposition to the crown colony system of government, which he considers to be out-of-date and inapplicable to his country, but he remains unflinchingly loyal to the Crown and he never has any doubt that the colony will win through its present difficulties. He remains confident in its destiny, and will continue to strive after what he considers should be the goal of this generation—the establishment in East Africa of a new, loyal, white Dominion, securely founded in the principles of British tradition and Western civilisation. With that object in view, he feels it would only be in accordance with the principles traditional to our race were His Majesty the King to be graciously pleased to see fit to grant to him some at least of the functions of responsible government.

Kenya,

October 1935

GERMAN FOREIGN POLICY

I. Germany and Italy

ALTHOUGH Germany stands outside the conflict between Italy, Abyssinia and the League of Nations, her position is obviously of vital importance to the members of the League. This for two reasons: first, because she might undermine the policy of economic sanctions through her trade with Italy, across Austria or by transit through Switzerland; and second, because the primary reason for the hesitation of some European countries in supporting the League against Italy is their fear of exposing themselves, not perhaps now but eventually, to German aggression. Germany has expressed a policy of neutrality between the parties to the dispute. But in these days the concept of neutrality is in so unsettled a phase of evolution that the word may mean anything or nothing; in order to understand the meaning of Germany's neutrality it is necessary to enquire into the fundamental bases of her foreign policy.

The principles that guide the outlook of the present German Government towards international affairs may be summarised under four heads. First, the honour of a nation is its highest natural right, just as life is the highest natural right of the individual. Second, the dealings of man with man are the natural example for co-operation between nations; therefore peace is more surely grounded on agreements between two or three nations than on general collective undertakings. Third, equality of the signatories of every treaty is the only firm foundation for peace; therefore the *Friedensdiktat* of 1919 must be revised in a general sense as well as in particular clauses. Lastly, war must be taken into account as an eventuality to be

endured and as a possible instrument of national policy, which, though it may never have to be used, must not be allowed to rust.

The logical conclusion from these principles would apparently be for Germany to support Italy, who is herself following them as they apply to her own position. This view is indeed held in certain National Socialist quarters. But the *Führer* himself has declared that Germany's foreign policy should be based upon close co-operation with Great Britain and the Scandinavian States, as well as with Italy. On this ground, Germany might be expected to act with Great Britain in the present crisis in order to secure British support for the future. Austria provides another reason for opposition to Italy; for the *Gleichschaltung* of Austria is foremost among the specific ambitions of German policy, and Italy lies across the path to this goal. On the other hand, the National Socialists undoubtedly fear that a triumph of the democratic countries through the League of Nations, which precipitated the fall of fascism, would react unfavourably for themselves upon the internal political situation in Germany. Some of them conceive the idea of a *bloc* of anti-liberal States, able to control the whole of eastern and south-eastern Europe. Moreover, Germany is so fully occupied with her economic and religious problems that her wisest immediate tactics seem to be to avoid all foreign entanglements.

Germany's neutrality, therefore, derives not so much from a general principle of international policy (like the neutrality of the United States) as from the need for steering a cautious middle course between particular influences. An official statement, issued on November 7, while denying by implication that Germany had any intention of sharing in League sanctions, took credit for the fact that she had banned the export of arms and munitions to both Italy and Abyssinia, and declared that

Should an abnormal increase in exports of raw materials or foodstuffs become apparent, which threatens Germany's own

economic interests, the German Government will prevent it by appropriate measures.

It is impossible to avoid a suspicion that the appeal to economic interests is a back door for escaping from a very embarrassing predicament. Germany's financial position is indeed such that she cannot afford to increase her exports to Italy, except in return for cash, of which Italy has no abundance at this moment. But quite apart from this consideration the German Government is not prepared to arouse bitter resentment in Great Britain and other League countries for the sake of a purely transitory advantage. If Germany could act in concert with a solid group of revisionist States, that would be another matter altogether. But no such group exists to-day.

It is therefore reasonable to conclude that German "neutrality" will not seriously interfere with the working out of League policy. On the other hand, it would be fallacious to believe that the National Socialist Government is ready to change its attitude towards the League of Nations. The working of sanctions is being watched with great interest, and by some people with regret that Germany is not to-day in a position to use the League as an instrument of German policy, just as they profess to believe it is now being used by Great Britain as an instrument of British policy. It is foreign to the National Socialist outlook on international affairs to conceive that idealism can seriously enter into the motives of a great State. The League is seen as an instrument, not as an independent foundation for lasting world peace. Although the wind has veered a little of late, it is not long since the party propagandists were told of the Government's hopeful expectation that the Italo-Abyssinian dispute would break up the Stresa Front by developing into an Italo-British struggle. This idea of the underlying issues in the League crisis dies hard. It is incredible to the kind of mind that now guides the destiny of Germany that any statesman would be prepared to jeopardise the national interests of the country he repre-

sented in order to apply a principle of a higher order than nationalism.

II. The Danger of War

IN the present crisis, therefore, the German attitude is bound to be wholly negative. But the basic principles of foreign policy that have been outlined point towards much more positive eventualities elsewhere or at a later time. Those principles themselves rest upon a still more fundamental factor, the racial idea. On the evolution of this idea depends the future of European peace and security. National honour is valued so highly, and is so easily affronted, in the conception of the National Socialists, because to them the nation is the only way in which the race is able to express itself as a unity. The nation state is the sacred expression of the racial consciousness. The racial affinity of the Germans with the British and the Scandinavian peoples, in their view, makes this Nordic group the only really desirable alliance for Germany. The call of the blood, they believe, will be stronger than economic or cultural or political differences. The German race has found its finest expression in National Socialist Germany; therefore all members of the race scattered throughout the world will have to be directed from Germany. Those who now form minorities in neighbouring countries will have to be brought once more into the fatherland; this the National Socialists regard as a necessary condition of lasting peace in Europe.

This racial doctrine is dyeing with a steadily deeper tinge the whole fabric of German society. It has changed the aspect of every science, profession, trade and occupation in Germany, and it is only where it encounters equally deep-rooted religious faith that it has met with serious opposition; on the Christian faith it has had to make a frontal attack, whereas into all other branches of activity it has been able to intrude by the back door. In foreign

policy, the racial idea has had many important consequences. In the first place, it limits immediate German ambitions in Europe to countries or parts of countries whose population Germany feels able to assimilate. So long as this part of the dogma is upheld there will be little danger of German imperialism of the old type on the European continent, notwithstanding the desire to enlarge Germany's sphere of influence in order to project her will further and further afield. Herr Hitler's declaration that Germany has no aspirations beyond her western frontiers is probably spoken sincerely and can be fulfilled. Thus racialism has greatly simplified German foreign policy, and this in itself has commended it to many Germans.

Nevertheless, the racial ambition does not stop at the incorporation into Germany of concentrated *blocs* of people of German race who now find themselves under the rule of other countries. For " a place in the sun " must be provided for the free development of the German race, whether incorporated in the Reich or not, towards the misty goal of national greatness. There must be more room for the activity of Germans, not only in a geographical sense, but also economically and politically. The nations that have to deal with Germany must assume, as a basis for their policy, that she will pursue the aims deriving from the racial idea with all the power at her disposal. Germany wants peace. This is true in two senses: for the moment, she is too preoccupied with rearmament and with her severe economic difficulties to be able to afford any external adventures; and even if she were stronger she has not yet reached the phase in the progress of dictatorships when war is desired for war's sake; she is still in the phase in which the dictator hopes and intends that national ambitions will be secured without war. If, however, German aspirations can be fulfilled only at the expense of countries who would resist to the point of war, then unless the League Powers are prepared to see those smaller countries go under there must come a point when Germany and the other great

Powers stand face to face, under the imminent threat of another great European conflict.

We reach the same conclusion if we start from the consideration of Germany's internal position. At present, as we have said above, Germany's internal politics seem rather to be a check upon war than a provocation towards it. But the stress must be laid on the phrase "at present". Some features of German internal life under the National Socialist régime seem bound in the end to bring Germany to the point where war is the only way out. The educational system is steadily imbuing the children who will have risen to manhood in a dozen years' time with the glorification of war and of the national claims of the fatherland. The birth-rate is being forced up by every means that the Government can employ, and, since the present resources of Germany are already barely adequate to maintain the existing population on its very low standard of living, any large increase of the population must give to Germany, as to Italy to-day, a "legitimate need for expansion". Meanwhile, the economic system is being made as self-contained as possible, partly in reaction to forces over which Germany has no independent control, and partly in order to reduce the danger of economic defeat in the event of war. This policy will plainly expose the shortcomings of Germany's natural resources and will thereby provide another forcible argument for expansion. The fact that Germany is preparing against the contingency of war is not in itself especially alarming, for every other nation appears to be doing the same. The danger lies in the fact that Germany's external policy and her internal policy are both apparently tending towards the same conclusion—a crisis in which war is the only alternative to a sharp arrest of German national ambitions.

All nations have ambitions and needs of their own, and it must inevitably happen that different national ambitions conflict from time to time. This possibility is not peculiar to Germany. But in most countries, when the

Government has used the big stick in support of national ambitions, there is always the lively possibility that it may be overthrown at home or may itself choose the path of political retirement rather than carry its threats to the point of war. But in dictatorial States there is no way of getting rid of the Government, except revolution, so that if the National Socialist Government leads Germany to the point where she has threatened war and her threats do not secure her objective, the path of compromise is blocked.

If this line of argument is correct, Germany cannot become a whole-hearted member of any true collective system until the National Socialist Government either disappears or changes the basis of its political philosophy. For the long-term future, we must hope that this will happen before we are plunged into another European war. It would be idle for an outsider to guess at the future of German internal politics. The present task is to avert a European war as long as possible in the hope that some day, either by counter-revolution or by an evolution within the National Socialist State, the basic principles of German external policy will undergo a change.

Roughly, there are two main courses open to the other nations of Europe in their relations with Germany, either to grant her substantial concessions or to grant none at all. Small concessions are worse than useless; for they effect no improvement whatever in the underlying European situation, while materially strengthening the National Socialist Government. To make no concessions at all, though not an impossible policy, is an inherently dangerous one, because Germany would soon become versed in the art of seizing what she wanted, by small fractions at a time and in such a way as to leave the other great Powers paralysed. If there are to be concessions, it is essential that they should be made before they can be shown to have been exacted under German threats. Otherwise they are bound to become, not only food for Germany's further

ambitions, but also a telling tribute to the policy of *Macht*. If the moral force of the League Powers, which stands behind their material force, is to be united, the war crisis must not arise over what is felt by people of goodwill to be a legitimate and proper German grievance. But beyond Germany's legitimate claims, nothing ought to be conceded; for tempting as it may be to buy off a dangerous Power at the expense of small countries, in this case it would only postpone the day of reckoning and weaken the forces that stand for freedom and peace.

There is a still more fundamental necessity for the policy of the Powers who hate war and love freedom. The attention now being given in Germany to a League that only a few months ago was universally derided is proof that the German people are alive to the importance of the collective system as a force to be reckoned with in world politics, and ready to measure its advantages for themselves. The professions of disbelief in idealistic motives behind the policy of Great Britain and other League Powers mask an uneasy realisation that to some nations the State is not the end of human existence, and that their sense of world citizenship is a hard fact that Germany must seriously take into account. There is no more powerful hindrance to the triumph of German *Machtpolitik* than the living example of another system, equally loyally supported by its adherents and equally firm in its will.

FEDERALISM AND ECONOMIC CONTROL

I. The Hidden Struggle

UNDER the surface of politics in all federal countries, a hidden struggle is continually waged, the struggle between federalism and economic control. In more than one great country during 1935 it has broken out into open battle. The personalities and party rivalries of the Canadian elections in October masked a more fundamental conflict in the constitutional field. In the other great nation of North America the issue has been clearer still. The constitutional problem has been in the front of United States politics ever since the Supreme Court over-ruled the major provisions of the N.I.R.A., in the notorious Schechter case, because the Act purported to extend the federal economic power beyond the range of external and inter-state commerce.

The troubles of federalism in the economic field are inherent in the character of modern politics and of modern economic affairs. Finance and commerce, it is true, leap international as well as internal barriers; so that in a sense the federal problem is but a world problem on a smaller scale. But the power of the national State to impose tariffs, to regulate migration, to conduct its own monetary system, and, in brief, to command the ultimate allegiance of its citizens, give force and reality to economic regulation on the national scale. The constituent provinces or states of a federal country possess, as a rule, none of these powers, and command only a partial and subordinate allegiance. Yet they are commonly endowed with rights, sometimes concurrent and sometimes exclusive, to lay down conditions

of labour and minimum wage-scales, to carry out systems of social insurance, to legislate for the raising of capital and the conduct of companies, and to affect through taxation or otherwise almost every branch of economic activity. This anomaly was of less moment when government interference with trade and industry was much more restricted than it is now; but to-day, when developments in transport and communications, in economic organisation and in public sentiment have vastly extended the recognised field of governmental responsibility in economic matters, it is a constant source of trouble to federal countries.

Whatever view we take of the rights and wrongs of this encroachment of government on economic affairs, it is a dynamic fact, which no one can afford to neglect. It is bound to create pressing problems in the relations between different political organs, even in unitary countries like Great Britain, where a dour struggle between localism and centralism is still being fought in the field of unemployment relief. The intensification of economic nationalism is both cause and effect of the increase of governmental authority in matters of trade, industry and labour. "Planning" must always give rise to a movement for the safeguarding of markets by tariffs, quotas and preferences. On the other hand, if a country uses fiscal or other measures to protect any industry, the public will feel sooner or later that in return for these privileges, and in order to prevent their exploitation for the benefit of a few capitalists, the protected industries must be subject to a measure of governmental control, or at least that their conditions of labour and their relations with other industries must be made to conform by law to certain standards. In Canada this phase has been reached to-day as a reaction from the high tariff policy of the Conservative Administration since 1930. The world depression has also accentuated and extended another form of governmental interference in economic affairs. Low prices being so obvious and so harmful a symptom of depression, governments as well as private

individuals have sought in a score of industries to raise prices by restricting output. This is, for instance, the whole basis of the A.A.A. in the United States, upon whose constitutionality the Supreme Court has yet to pronounce. Even if the verdict is favourable the conflict between federalism and this form of economic control will not have been fully or finally resolved, certainly not outside the United States. Canada and Australia have their own obdurate problems in the same sphere.

The struggle between federalism and economic control has two aspects. On the one hand, the federal government is often rendered impotent, not merely in the fields reserved to the states, but also in other economic fields where nominally it is supreme. This impotence derives from the intimate link between trade, over which the federal government usually possesses very elastic powers, and production, which is normally within the sphere of the provinces or states. A tariff leads to dumping; this brings about a situation in which an international scheme for control of output or exports is required; and then the international scheme is found to be useless unless internal production is regulated. This chain of circumstances is not a mere armchair invention; it is actually to be seen in the history of the world copper industry during the past few years. The second aspect of the conflict is that the subordinate states themselves are inhibited by inter-state competition from conducting their own systems of economic control. Ontario would not dare pass labour legislation that would substantially raise industrial costs above those ruling in Quebec, which had no similar restrictions. The New England states have to face a constant pressure towards the equalisation of their industrial and wage conditions with those of their southern competitors in the textile industry.

II. Australia and Canada

THE constitutional relations between state and federal governments are often profoundly modified in practice by their financial and fiscal relations. If the central government has to provide finance for activities carried on by the states, or if it exerts some control over their borrowing, it has a powerful hold over them, and can exert a directive authority in many fields nominally reserved for the states. In Australia * these financial relations between the Commonwealth and the states assume a greater importance, and create greater difficulties, than their relations over such matters as social legislation. With all its climatic and other variations Australia remains largely homogeneous, politically as well as racially. It comprises no state with a widely different political outlook or economic programme from those of other states or the Commonwealth as a whole. The present Prime Minister of Australia is an ex-Labour member from a small state, now at the head of a Nationalist Government which vigorously retorts to the Western Australian attack on Commonwealth power and the domination of the larger states. In Western Australia itself the Government is Labour, and the Australian Labour party has always tended to exalt rather than curtail the powers of the federation. There has been no grave conflict between states and Commonwealth over social legislation because, on the whole, they have been of one mind, and a socialistic mind at that. The Western Australian problem is at bottom not a federal but a regional one; for the root of it is tariffs, which must always be the exclusive sphere of the federal authorities, and which would cause exactly the same grievances if the constitution of Australia were unitary or if the power of the states were enlarged.

On the other hand, the financial relations between the

* See *The Working of Federalism in Australia*, in The Round Table, No. 98, March 1935.

states and the Commonwealth are a constant source of trouble. Fiscally, the states have always been the weaker partners, and the smaller states have been forced to rely on subventions from the centre. The fact that the Commonwealth budget has recovered from the trials of the slump far more rapidly than the state budgets has brought this problem very much to the fore to-day. It will require some fairly deep constitutional surgery unless the states are prepared to resign themselves to being perpetually pensioners of the Commonwealth. They have already surrendered a good deal of their financial independence under the Financial Agreement of 1928, backed by the Enforcement Act passed after Mr. Lang's attempt to withhold the service of New South Wales loans. The surrender was made, however, not to the federal authority, but to a co-operative organ which equally took over the rights of the Commonwealth itself. The Loan Council, comprising the Prime Ministers and Treasurers of all the states and of the Commonwealth, with a neutral chairman, forms perhaps the most remarkable instance anywhere of co-operative action to defeat the troubles that a federal constitution meets in the economic sphere. It creates, however, problems of its own, which hark back to the fundamental conflict between economic facts and the limits of political responsibility.

Canada is to-day facing a grave problem in the sphere of public debts, and some of her citizens have turned envious eyes towards the Australian example. She also has the same problem of the sapping of provincial responsibility through federal subvention to economic services (relief, or public works) which it is in the federal interest to see conducted throughout the country. Despite the opposition of the Liberal party, especially the French-Canadian section of it, to amendments of the constitution reducing provincial authority, the return of the Liberals to office at Ottawa improves the prospect of useful reform in these matters. For the political homogeneity that is so

characteristic of the Australian scene has now been secured, at least temporarily, in Canada. In only two of the provinces is the Government not of the same party colour as at Ottawa, and in those two cases there is every reason to expect co-operation on a good many lines of economic reform. The victory of the Liberals has also relieved the siege of the constitutional fort that was being laid by "New Dealers", whether of the Bennett or of the Stevens or of the Woodsworth hue. For a while, presumably, the Liberals will go slow on measures of interference with the conduct of trade and industry. But in spite of the election returns there is ample evidence that Canadian public opinion is far from returning to *laissez-faire*, and that, on the contrary, demands for public control of the operations of capitalism will steadily grow. Hence Canada also must face the problem that is so dangerously vexing the federation to the south of her.

III. The Future of Federalism

THE conflict appears to be growing more intense as the years pass. If it is inherent in federalism, can the latter hope to hold out until the tide of public opinion is reversed and governmental control of economic affairs is diminished? There are many who believe that the inevitable end of federations is either separation or unification, and the incidence of economic problems certainly seems to support this belief. Nevertheless, the forces that created the federations, and that give them strength and value, have not disappeared simply because economic facts have changed. A new federation, perhaps destined to be the greatest national federation in the world, is even now being created in the sub-continent of India. Over-centralisation must always mean an excessive power of bureaucracy. More serious still, it must mean a neglect of the interests of minorities. The problem of minorities (including, of course, majorities by count of heads which are ruled by

privileged minorities) is perhaps the most urgent problem of present-day politics. It is certainly the most likely cause of war in Europe. Somehow it must be solved, and federalism is the most hopeful instrument to hand for solving it. Is there no significance in the fact that the plainest case of a satisfactory treatment of the minority problem—the case of the French-Canadians—is essentially bound up with a federal constitution? Quebec more than any other element in Canada regards its rights as safeguarded by the federal provisions of the British North America Act. If federalism, therefore, is in decay, and must be forsaken as a live political cause, the task of the nations in seeking peace and goodwill among men is rendered much more difficult.

Separatism, on the other hand, solves the problem of the conflict between federalism and economic control only by substituting another and perhaps a still more serious problem, the problem of the division of the world into an excessive number of economic groups, incapable, because of the power of vested interests, of acting together for the common economic good. The further separatism is pushed, in the economic field, the greater becomes the necessity for federalism.

Is not the root of the trouble this? It is in the nature of federations that the constituent units demand a precise legal formulation of their rights, and are jealous of any encroachment thereon. No federation can be governed by the loose system of constitutional convention that in Great Britain takes the place of meticulous "fundamental laws". Hence it is in the nature of federations to be inflexible, to be tardy of growth to match the development of facts and opinions. The task, therefore, is to find some means of bending federal constitutions and allowing them to grow to meet changing circumstances. The solution will not be everywhere the same. In India the new nationalism has to work out its own answer to the problem. In Australia perhaps the future lies in an

extension of such co-operative bodies as the Loan Council, the Premiers' Conference, or the Commonwealth Agricultural Council.

Canada, where the problem is most obvious at the moment, is fortunate in that the British North America Act contains several clauses that permit a measure of flexibility and of growth.* The Dominion is given a general power to legislate for trade and commerce (sub-sec. 2 of sec. 91), and although in the past the Privy Council has interpreted this to mean that the Dominion could deal with trade and commerce only within the limits expressed in other clauses of the Act, recent decisions encourage the belief that this ruling may be reversed. Section 132 of the Act declares that

> The Parliament and Government of Canada shall have all powers necessary or proper for performing the obligations of Canada or of any Province thereof, as part of the British Empire, towards foreign countries under treaties between the Empire and foreign countries.

In both the Radio case and the Aviation case (heard in 1932 to decide the respective rights of the federal and provincial authorities to legislate for these new and vital matters) the Privy Council gave a generous interpretation of this section. Perhaps even more important is that part of section 91 which gives the Dominion power to legislate for the peace, order and good government of Canada. Recent Privy Council cases have established that this is not merely an emergency power, available only in a time of crisis. Lord Sankey said in the Aviation case:

> While the courts should be zealous in upholding the charter of the provinces as enacted in section 92, it must no less be borne in mind that the real object of the Act was to give the central government those high functions and almost sovereign powers by which uniformity of legislation might be secured on

* See an article on "Social Reform and the Constitution", by Brooke Claxton, in the *Canadian Journal of Economics and Political Science*, August 1935.

all questions which were of common concern to all the provinces as a constituent whole.

These extracts from the constitution of a single federal country are enough to show that a written constitution, with due safeguards for provincial rights, is not incompatible with flexibility in face of changed circumstances, provided the courts charged with its interpretation are themselves abreast with the events and trends of the day, and are not too sternly bound by a frigid legalism.

It might be argued that this is but chicanery, a lawyer's trick to evade federation, not a genuine attempt to meet the underlying problem. But if the disadvantages of federal constitutions lie in their legalism, there can be no complaint if legalism is turned to the destruction of those disadvantages. We must not rate the concept of a federal State too high. Federation is a political expedient, not a moral principle. Political systems are a complex of rights and duties, resting ultimately on the question, to whom, or to what authority, does the citizen owe allegiance. In normal affairs the question is not present, for the law works smoothly and a man goes about his business obeying one authority in this set of matters, and another authority in that. But in a moment of crisis a conflict of claims may arise, and it is then apparent that ultimate allegiance cannot be divided. The issue of allegiance cannot be determined, in the last resort, by a juristic interpretation of statutes. The law must conform to the facts, or so much the worse for the law. When all formalism is stripped away, the bare question is, which authority commands the residual loyalty of the citizen. Is it the federation or the constitutent state? If the answer is the federal government, as for the vast majority it must be, then an integration of powers, designed to meet the necessities of economic circumstances, accords with the underlying realities, by whatever process it may be secured. If the answer is the constituent state, then such an integration merely lays in store a fresh and still more dangerous conflict. Whatever the constitutional

laws may say, the ultimate arbiter of social duty is the residuary legatee of political power. The incidence of economic problems does not alter the fundamental social facts on which political systems rest. It merely makes it necessary to adjust the political machinery.

The solution of the federal problem rests ultimately on the capacity of men to work together for a common end that is greater than their own individual interests. The federal power is bound to take into consideration the opinions of its constituent states; but the states too are bound to take into consideration, alongside their own local interests, the opinion and the interests of the federal nation as a whole. If adjustment is impossible the fault does not lie in the particular character of the issue or the particular form of the constitution; it lies in the inevitable failure to make a nation out of people who think of themselves in terms of a narrower loyalty.

That is a social, a spiritual problem, not a problem of constitutional law. Indeed the whole conflict goes deeper than the troubles of federalism. Two of the most powerful forces in the world conjuncture to-day are socialism, avowed or disguised, and economic nationalism, under whose impact all political systems feel an almost intolerable strain. These forces are like a geological pressure that betrays itself here in earthquakes, there in volcanic eruptions, elsewhere in exceptional tides and storms. In some countries fascist dictatorships are the result, in others constitutional war. The politico-economic system, like the earth's surface, may eventually settle down to a new stability, but in the meantime these stresses create great dangers, some of which we are now facing in international affairs. Hence it becomes an urgent problem to relieve the stresses as well as to adjust the political machinery to withstand them. The troubles of federal states, like the outbreaks of fascism, are a warning to the world to choose between chaos and co-operation in the economic field.

INTERREGNUM IN INDIA

I. Africa Touches India

INDIA, like Europe, lies to-day in the shadow of Abyssinia. Even forty years ago the Italian defeat at Adowa had its repercussions throughout the world, and now, with the world infinitely smaller and more closely linked, the conflict in what is known as Africa's last independent country cannot fail to have immediate and lasting reactions. Indian opinion has not been passionately expressed, but India is none the less deeply concerned, and the very restraint of most of the comment probably derives from the depth of the writers' feelings. Great Britain's lead at Geneva was demanded by the rights of the case and by the responsibilities of every member of the League: it was no less advisable from the point of view of self-interest; for had she consented to stand by and watch the spoliation of Abyssinia she would have lost irrecoverably, among a large and influential part of the population of India, the reputation that she still preserves for justice and fair dealing. While her stand has received general approval here (though rather grudgingly in the extreme organs), there is a disposition to hesitate before indulging in outright praise. People seem to be thinking that the proof of the pudding is in the eating.

The long delays of the League procedure have not escaped notice and pungent comment. During the summer months, Italy poured men, munitions and stores unchecked into East Africa; during these same months the arms embargo prevented Abyssinia from obtaining munitions herself. The opinion is growing that, if the League's function as a preventive of war is ever to be effective, its operation must

be accelerated. The League's delays have had the effect, not only of making it certain that Abyssinia, whatever the ultimate outcome, must suffer grievous initial harm, but also of allowing Mussolini to put himself in a position from which diplomatic retreat was extremely difficult. The Italians have long memories, which extend, under fascist guidance, back to the Cæsars. Indians, too, have long memories, and will not readily forget Mussolini's outbursts against the coloured races in general, and the brutality of this attack on the last independent State of Africa.

A further reflection called forth by the crisis is this. The association of India in the application of sanctions should as far as possible be on a footing with that of the Dominions; any feeling that India was looked upon as a kind of magnified crown colony, from which sacrifices could be demanded at will, might go far to restrict or qualify her goodwill towards British policy and the authority of the League.

II. Act and Reactions

THE process of digestion is of as great importance to the body politic as to the physical body, but it does not lend itself to observation from outside unless it is disturbed or defective. It is thus with the Indian political world and its recent full meal of reforms; assimilation is proceeding with little outward manifestation in Madras, whose political digestion has always been sound, and in the United Provinces; even in the Punjab, where the communal problem so frequently intervenes, the constitutional dish is being steadily absorbed into the political system. In Bombay the process is apt to be irregular, for the Maratha is a very different man from his rival, the Gujarati. Bengal and Assam, for their part, are oppressed by financial forebodings, and the former by a communal problem that is as yet unsolved. On the whole, however, it may be said that the passage of the Constitution Act and such preparations as the arrival of the Delimitation Committee or the

announcement of Sir Otto Niemeyer's visit have fixed the reforms into the Indian political consciousness.

Political students or citizens of the United Kingdom would do well to banish from their minds any idea that the majestic sequence of the Act's 478 sections sets forth a complete picture of the new Indian constitution. The Act gives the outline; what it does not and could not give is the shading or the colours, which can present within the same outline either a smiling valley or a gloomy glen. So it is with India and the Act. The shading and the colours are made up of the degree in which prominent Indians and parties participate in working the new constitution, the financial position and settlements, the quality of the new Governors, the extent to which Whitehall interference can be minimised, and, above all, the degree of acquiescence among the populace. What are wanted from the British public and Parliament are a philosophic spirit and a stout heart, and what is to be avoided at all costs is a meticulous scrutiny and interference, a constant peering at the roots to see if the plant is growing.

On a broad generalisation, the Indian is not sentimental: the Englishman is. The Indian, whatever his tendencies towards mysticism, his admiration for ascetics, his apparent fanaticism in religious matters, is essentially a realist in the affairs of this world. Hence the common charge against him of a lack of gratitude. Gratitude in its English connotation holds a large element of sentiment. If it is accepted that the Indian is a man free from sentiment, then clearly the emotion known to Europeans as gratitude must take a different form in this country, as indeed it does. Its curious embodiment here does not in any way mean a lack of appreciation, but merely that every change is taken for what it is worth by the Indian and thereafter applied in relation to the succeeding problems of his daily life. In many ways, indeed, the Indian may be termed essentially matter-of-fact.

An illustration of the essentially practical quality of the

Indian mind can be obtained from a realisation of his attitude towards matters of credit and debt generally. Sentimentalists in the United Kingdom, and for that matter in India, rend the heavens with their cries over the indebtedness of the ryot. In particular they grieve over the apparent recklessness and contumacy with which he incurs expendiure on such matters as marriage ceremonies. All this will fall into a better focus if it is realised that to a severely practical outlook credit is not credit until it has been used; that is to say, the Indian regards his assets as comprising (*a*) his material possessions and (*b*) the credit on which he can draw. There is no point in having credit unless you use it, hence the universality of borrowing. Hard things have been said about the *Sahukar* or village moneylender, but of him too a juster estimate will be formed if the general attitude of the Indian towards credit is appreciated. It is, in fact, a case of diamond cut diamond. Apply the same reasoning to politics and a good many puzzling factors will become clear. A new constitution is a fact to be examined and used to the limit. It is difficult for any of us to view a problem through the eyes of others, but statesmen must be able occasionally to achieve the feat, and it is particularly desirable that they should do so at moments of great constitutional change. If British observers could for once don Indian spectacles, they would come nearer a true appreciation of Indian political attitudes.

III. Congress and the Reforms

THE meetings of the Congress Working Committee at Wardha in July and later in Madras were expected to produce some pronouncement on the future Congress attitude towards participation in the working of the new constitution. Why such expectations should have been entertained it is not easy to see, and the outcome of the meetings was that anticipated by those who had given some thought to the Congress position—in effect,

permission to members to debate the point, but a reservation of any final decision to a session of the Congress itself. The tide towards participation, however, is rising, and a letter issued by Mr. Kelkar and other prominent politicians of western India in this sense attracted considerable attention. Mr. Jayakar's declaration that the new constitution must be worked is another indication of the same trend. Mr. Satyamurthi has expounded at some length at different times his view of the proper attitude of the Congress; in effect he contemplates Congress Ministries in the provinces, forcing dissolutions and ultimately compelling a Governor either to suspend the constitution or to accept the Congress Ministry's demands. In either case, he says, the constitution is wrecked.

This assumes powerful Congress Ministries, for no Government with a small majority could carry out such a programme. This important consideration has probably escaped the attention of the optimistic Mr. Satyamurthi, but it has certainly not passed unnoticed by the longer-headed members of the party.

A breath of common sense was brought into the discussion by Mr. C. R. Reddi of Madras, when he remarked that no constitution can be wrecked by or through the Councils. If Congress has a determined majority, it may make government by Ministers impossible, but that cannot be wrecking *the constitution*, because the *constitution itself* has provided for the Governor to take over the administration. In other words, the real ultimate consideration is that suggested already in The Round Table, namely, the amount of acquiescence in the country as distinct from the ranks of politicians. If this is forthcoming, the constitution will work whether there are Ministries or not. If it is not, then complications and difficulties are inevitable.

The Indian press devoted much attention to the final passing into law, on August 2, of the monumental Government of India Bill. The *Tribune* of Lahore called

this day "one of the blackest days in the history of India". The *Hindu* of Madras, concluding a four-column editorial, remarked that "the new constitution will no doubt be worked, but in a spirit different from that which its framers hoped for or imagined". A Liberal paper, the *Indian Nation*, remarked that minorities and Princes could not be expected to reject, and would not reject, the advantages attained under the Act; it became, therefore, essential for the progressive sections to see that the national interests were not jeopardised, and it was their imperative duty to make a vigorous search "to discover where the element of goodness lurks in the evil of the Government of India Act".

An interesting feature in practically all these comments is that acceptance is implicit. The rather grudging attitude need not occasion wonder or disappointment. The change of structure of government must affect every citizen and every interest in the country and apprehension is only natural. He would be indeed a bold prophet who would venture to predict how actually the new constitution will work; for it is in essence an act of faith. Some call it a gamble—but that after all is merely to give the same dog a bad name.

The choice of venue for the Working Committee's July meeting was Wardha, a town of little importance and less attractions in the south of the Central Provinces. There was only one explanation for the choice, to wit, that Mr. Gandhi was residing there. The association is significant and did not pass without comment, much of it rather acid, even from Congress organs. If the Mahatma has left the political arena, why are important meetings arranged at the place of his residence? Why, asked one paper, is the *darshan* of the Mahatma a necessary preliminary to the deliberations of Congress bodies? One Congressman published an open letter to the Mahatma asking whether he is in the Congress or not. The truth is that Mr. Gandhi has in spirit and in deed played so great

a part in Congress decisions and actions that he could not, if he wished, separate himself from it, and it is doubtful whether he does so wish. A man cannot lightly detach himself in his age from a movement that has absorbed his adult years. At the moment it is unlikely that the Mahatma will return officially to Congress office, but the possibility should not be ruled out. In any case he will always function as a sounding-board and a hidden counsel.

Perhaps the greatest boon of the new constitution will be to introduce some degree of reality into India's political life. The Congress has flourished precisely on its absence, but as the acceptance of the new constitution as a fact becomes more and more widespread there will probably be a steady tendency towards the development of real party issues. A summons to this end was recently issued by Sir Homi Mody in a speech at Bombay and has been echoed in other quarters. The Congress Committee's abstention from a decision is merely a reflection of their recognition that facts and desires operating together under a régime of greater reality will heighten the practical as against the theatrical element in Indian politics, and *pro tanto* diminish the influence of the Congress.

Sir Homi Mody's call for the formation of a party to work the reforms is interesting as a symptom but is unlikely to have much practical issue. Nor should any who take a long view really desire a practical outcome on these lines. What India wants is not parties professedly to work the reforms but parties that will take the reforms for granted and proceed under them to lead a normal political life. It would be all to India's benefit if this pragmatic attitude could spread; and if Sir Homi's call for the formation of a Reforms party holds up this development it will to that extent be rather a drawback than a benefit. In the interests of the new constitution itself it is very doubtful whether such a party is desirable. Its very name and declared purpose would in India invite attack from quarters that otherwise might have remained silent and inactive.

Party formation is in quiet progress elsewhere, but the infantile mortality in Indian political parties is high. One that will probably develop seriously is the Socialist left wing of Congress, and a possible future for the Congress under the new constitution is that of a purely nationalist organism within whose embrace the different political purposes will be pursued by parties in effect and even in name independent. The Congress has its hold largely because of its single and national appeal. When practical political purposes enter and the cry is no longer universally "agin' the Government", the connecting bonds are likely to become more and more tenuous. Among the party fusions suggested is the old idea of Liberals-cum-Congress. This is unlikely to come off, for both sides are disinclined towards it. The Liberal lady who goes for a ride on the Congress tiger is the prophetic picture that the shrewder Liberals have before them.

The popular theory among Congressmen regarding entry to the legislatures is that the Congress members should be there to destroy, not to construct. Mr. Gandhi, not for the first time, has played the rôle—in which he takes, one suspects, a certain pleasure—of *enfant terrible* by declaring in his answers to a set of conundrums that entry into the Councils is *dharma* at this stage. "It is not good on the part of those who have taken the oath of allegiance to do anything against the Government. In the attainment of Swaraj, this is also a stage, and an essential stage." As a Mahratta paper puts it, "the moment the Congress declare their object of breaking the Councils and of creating deadlocks, they forfeit all claim to the benediction of the Mahatma, for they will be acting in violation of his conception of *dharma*." The same paper goes on to say that

to enter the Councils with a view to obstructing after taking the oath of allegiance is like entering a house as a tolerated guest and trying to pull it to pieces, like entering a temple and breaking the idol, like entering as a candidate in an examination hall and writing on the answer books a condemnation of the University and its educational activity.

This attitude is as novel as it is refreshing and might be taken as one of the signs of the increasingly realist attitude that is developing in the political parties in India, now that the long-discussed constitution has reached legislative completion.

IV. The Assembly Session

PERHAPS the two most interesting topics that came up for discussion at the recent session of the legislature were the Criminal Law Amendment Bill and the measures taken by Government in connection with the Quetta earthquake. The first brought up arguments and counter-arguments that have been used in India for many years. The outcome was that the Bill was rejected by the Assembly and ultimately certified by His Excellency. The main difference between this Bill and its predecessor of 1932 was that while the former's validity was limited to three years the present measure proposed no such term. The general arguments against the prescription of a term to the operation of such a measure are simple and well known. The fixing of a limit encourages the disaffected and discourages those who might be inclined to reform; if a problem exists, legislation should provide for it generally, and if it diminishes, then all that happens is that legislation is not applied. This is all logical and correct, but psychologically it misses one point, namely, the great regard in India for the rule of law and the position of the courts. Indian political thought has never lost its regard for what it considers the established maxims of the independence of the courts and a guarantee to them of uninterrupted performance of their functions. Bills such as this in effect say that the courts are not enough, and nowhere in the world will a greater outcry greet a suspected encroachment by the executive on the domain of the judiciary.

It is here that the real importance of the time limit enters. It is within the experience of everyone that emergencies

arise and call for particular remedies. The imposition of a time limit in effect admits an emergency and therefore provides a justification or an excuse for interference with the normal run of the courts' powers. To omit a time limit implies an intention of permanent change in the judicial system. In the course of the debate one voice was raised asking for a fixed period, and although this point was not seriously threshed out it is not impossible that had a time limit been inserted the Bill would have been accepted. As it was, a transference of six votes would have been enough.

No legislation is immortal, and since the present measure will be at the mercy of the Federal Legislature of the future, it is in effect temporary. It is difficult to avoid an impression that not enough regard was paid to this or to the psychological aspects just mentioned. The Bill, however, is on the statute book, and the powers to which the Government of India attach importance are retained indefinitely. From the psychological point of view it would have been a great victory to have had legislation of this sort carried by the Legislative Assembly instead of being imposed by certification and thereby condemned to function as a target for abuse. It would have had the great merit of definitely associating even this present legislature with necessary measures for the maintenance of law and order. The use of certification is a sign not of strength but of weakness. In the present conditions of India, strength consists in getting suspicious and refractory legislatures to consent to measures that offend their theoretical estimates of what is correct.

In the Quetta debate in the Assembly Government scored a victory—by a few votes only, it is true, but the success should not be measured merely by the small numerical margin. The Congress party were ill-advised here. They had a point, namely, that in a calamity that shocked and moved the whole of India there was perhaps too little regard for the natural human desire for knowledge. It

might perhaps be said that the disaster was regarded as almost departmental. Whether this point was worth taking to a debate is doubtful, but certainly the discussion should have been confined to it and not allowed to roam over the wide and frequently unfair charges brought against the officers of government. It was this that brought about the Congress defeat, and some of the speeches by Independent members showed an honest indignation at what in effect was a policy of depreciation for depreciation's sake. A wiser leader would have avoided this unfortunate development, but, as it was, too many of the Congress speeches betrayed the accentuation of bitterness that frequently comes from the consciousness of a bad case.

V. Financial Shadows

THE appointment of Sir Otto Niemeyer to investigate the financial position and adjustments in connection with the new reforms has been on the whole well received, and although there have been complaints that provincial and other interests ought to be represented there is a fairly general inclination to realise that for an expert enquiry of this sort one really good man is better than any number of committees, of which India is beginning to feel that she has recently had rather more than enough. Bureaucracies, like democracies, are apt to think that everything can be done by committees and not to realise that for every piece of actual work lying ready for a committee to do it probably succeeds in creating an equal amount of fresh work for someone else; a too generous indulgence in committees is apt to produce the same kind of surfeit in the body politic as over-indulgence does in the human frame—an accumulation of waste products of which it is difficult to get rid.

Sir Otto's report and proposals when they emerge will be of the first interest and importance, but at present there is little to gain by discussing the financial scheme. One

general point that might be made, however, is that India has probably come to a stage that calls for an overhaul of the whole financial system, not merely its details. For example, recent years have seen drastic remissions of land revenue in order to bring the ryot's taxes into keeping with the fall in prices, and although the remissions have been made under the cover of the ordinary Land Revenue Codes they really signify a good deal more than a mere application of these Codes. In fact in future the land revenue rates, instead of being fixed for long periods (save for exceptional reasons), will have to be attached to prices or profits and vary in harmony with them. The pundits have for long disputed whether land revenue is a rent or a tax; these discussions were always largely artificial and will become steadily more so until land revenue approximates to the position of an agricultural income tax.

All this will make for budgetary complications, but there is no absolute necessity for the calendar twelve months to operate as the budget term, or to apply to all sources of income or expenditure, and it may be advisable to examine in regard to land revenue and indeed other items whether a longer term might not be necessary or more convenient.

India,
October, 1935.

IRELAND AND THE LEAGUE

I. Mr. de Valera at Geneva

THE strange repercussions of international affairs could hardly be better illustrated than by the fact that Italy's attack on Abyssinia has, for the first time in living memory, united Northern Ireland and the Irish Free State in a common political purpose; for both Lord Craigavon and Mr. de Valera are at one in their support of the League of Nations Covenant. This unity is remarkable even though Lord Craigavon, as representing a mere provincial government of Great Britain, has no real choice in the matter, whereas Mr. de Valera is, of course, acting independently.

Speaking in the League of Nations Assembly at Geneva on September 16, Mr. de Valera, in a sincere, eloquent, and outspoken speech, explained the attitude of the Free State Government towards the international crisis. The cynic, he said, had to-day become our teacher. Yesterday they were told that war as an instrument of aggressive national policy had been outlawed, and their thoughts were busy with the possibility of a union of Europe. To-day, before the mangled bodies of the youth of that continent had yet been mercifully assimilated with the clay, they were awaiting the result of an eleventh-hour attempt to postpone the opening of a conflict which might set the peoples of the world mutilating and destroying each other again, expecting little but the relief that must come when the piteous, melancholy uncertainty of to-day was exchanged for the steady resolve and active purpose of to-morrow. To be thrown into a position of enmity with those with whom they wished to be on terms of friendship, to have to oppose those whom they admired and would welcome an occasion

to serve—what more heartrending alternative could there be to the abandonment of duty and the betrayal of their deepest convictions and their word, solemnly given? Yet that was the alternative before them, and that was the price they might be called on to pay for that common security without which the peace they needed would never be realised. It was a hard price, he said, but harder still, and more terrible, was the future in store for them if they should fail to be ready to pay it. The final test of the League, and all that it stood for, had come. Their conduct in this crisis would determine whether the League of Nations was worthy to survive, or whether it was better to let it lapse, and disappear, and be forgotten. If the Covenant was not observed as a whole, for all, and by all, then there was no Covenant.

He spoke, he said, for the Irish nation in declaring that they had no imperialistic ambitions. Although a mother country, they coveted no colonies, and had no dominions. Their sole claim was that the ancestral home of their people, unmistakably delimited by the ocean, should belong to them. They made no demands but those founded on justice. They claimed the right to order their own life in their own way, and to select their own governmental institutions without interference, being prepared to admit for all other nations in their respective territories the same rights as they claimed for themselves in theirs. One of the oldest of the European nations, with feelings of intense joy they found themselves, after several centuries of attempted assimilation by a neighbouring people, restored again as a separate recognised member of the European family to which they belonged. By their own choice, and without compulsion, they had entered into the obligations of the Covenant. They would fulfil those obligations in the letter and in the spirit. They had given their word, and they would keep it; for few nations would the test that might confront them to-morrow be more severe. Why, he asked at the end of his speech, could not the peace

conference, which would meet in Europe when the next conflict had decimated the nations, and disaster and exhaustion had tamed some of them into temporary submission, be convened now, when calm reason might have the chance to bring the nations into friendly co-operation? Why could they not endeavour to forge an international instrument, not merely for settling international disputes when they arose, but for removing their causes in advance?

Broadcasting to America a few days previously, he criticised the mechanism of the League, pointing out that it lacked the essential power of making binding decisions and enforcing them. That power was absent because the will to have it otherwise was absent. In this matter many governments and statesmen were in advance of their peoples; it was in the people themselves that the will was lacking. They desired security, but were not willing to make the necessary sacrifice to secure it. Theoretically each nation had given an assurance that the rule of law should be implemented without having to use force, but in practice each nation wanted to reserve to itself the right to interpret the law and be judge of its own case. The theory of the absolute sovereignty of States, interpreted as meaning that a State is above all law, must be abandoned. A fundamental general convention, such as the present Covenant, was not enough, and the changing condition of international society and of mankind required a more flexible instrument. The rule of unanimity must go. It was foolish to hope, and extremely dangerous to expect, that by any device such as the Covenant of the League one could freeze, or keep for ever static, any existing state system, irrespective of how it came into existence. Only what was just had a right to last. There must be some tribunal by which the law should be interpreted and applied. There must be some machinery whereby its judgments could be enforced against a State that might think it advantageous to ignore them. The League was a precarious and imperfect instrument, but it was a real

effort to order international affairs by reason and justice, instead of force, and to destroy it now would be a crime against humanity. The alternative, so far as Europe was concerned, was a return to the law of the jungle.

Whether or not one accepts Mr. de Valera's views on these grave issues, one must realise that he has approached them sincerely and in no petty spirit, and that he is prepared to carry his opinions to their logical conclusions. It is interesting to note, also, that his attitude towards the League is apparently consonant with the idea of the great English jurist, Austin, that international law lacks the true character of law because there is no supreme law-giver to enact the law, to provide sanctions, and to enforce them, rather than with the wider continental view which looks to the special sanctions provided by treaties and the force of public opinion to enforce international agreements. His fellow-members of the League Assembly paid him the compliment of electing him to the chairmanship of the important Sixth Committee, which deals with political questions.

II. Reactions in Ireland

IRONICALLY enough, Mr. de Valera's position at Geneva in September was similar to that of John Redmond in the House of Commons on the declaration of war in 1914. Redmond then, believing that England was in the right, refused to bargain, and took his stand with the Allies, just as Mr. de Valera, in this almost equally serious crisis, has taken his stand by the Covenant without reservation, regardless of the fact that, in so doing, he acted with Great Britain, and thereby incurred the inevitable criticism of our diehard republicans, whose only criterion of political action is opposition to England. Redmond was never forgiven by Mr. de Valera and his friends for his action in 1914, but chance has now placed Mr. de Valera himself in the same dilemma, and experience and

responsibility have led him to a similar conclusion. He is, however, happier than Redmond inasmuch as his decision was made in an international assembly as the elected head of a virtually independent people, whereas Redmond had to speak in the English Parliament as a party leader from a country not yet free.

As was to be expected, the extremist element lost no time in accusing Mr. de Valera of treachery and surrender. Miss Mary MacSwiney, the sole repository—in her own opinion—of the true republican faith, in a letter to the press on September 24, denounced the League of Nations as " a league for the preservation of the imperial *status quo* ", no more capable, as at present constituted, of initiating and preserving the reign of justice and peace in the world than was the most unholy " Holy Alliance ", which followed the Napoleonic wars. It was for this fraudulent League of Nations, she stated, that Mr. de Valera seemed to be contemplating involving Ireland in war. The Fianna Fail party should be wise in time. They would have less power to bind Ireland to England's side now than the Irish party had in 1914. Now was the time to get out of the British Empire, restore the Republic, and set their own house in order. Until the freedom of Ireland without trammels or camouflage was attained, imperial England was their only enemy, and no war she entered into would find a loyal Irishman on her side. Let them unite against her and be free.

The republican newspaper, now reduced to typescript and spasmodic appearances, also denounced Mr. de Valera as being responsible for republican disunity and sabotaging the republican movement, while Messrs. Twomey and MacBride, the leaders of the I.R.A., who are still " on the run ", made a sudden appearance at a Dublin street meeting to denounce him. The incorrigible General O'Duffy, who has just returned from a world fascist conference at Geneva, has excelled himself by appearing as the champion of Italy, which, he assures us, has only taken steps " to end

an intolerable situation and defend her prestige among the civilised nations". Several Blueshirts of his party had, he said, volunteered their services, not for Italy or against Abyssinia, but "for the principles of the corporative system", whatever that may mean.

The United Ireland party has, unfortunately, sought to make party capital out of the situation. Dr. O'Higgins, T.D., one of its front-bench members, speaking at Thurles on September 23—with Mr. Cosgrave's knowledge and approval—said that to have Ireland on her side was worth many times the annuities to Great Britain. Mr. de Valera had pledged the whole-hearted support of the Irish Free State to Great Britain in her difficulty. If their assistance and support were pledged without any settlement of their own quarrel it was an opportunity lost which might never return. Other leaders spoke in similar strain, and Mr. Cosgrave himself, speaking in Dublin on October 4, said that our efficiency as a member of the League of Nations, and our capacity to join in its activities, were impaired by our dispute with England, and by the economic sanctions that England was still enforcing against us. A desire to fulfil our international obligations should not, he added, have made us entirely forget our national misfortunes. It was a matter of regret that our special dispute should have been left unsolved, apparently without an attempt at solution. Ottawa was the first lost opportunity; the latest was Geneva. These comments, if clever politically—which may be doubted—are entirely superficial, and hardly fair to Mr. de Valera, who has, on this occasion, acted a straightforward part. Geneva was not the place nor the opportunity to parade before the world what is essentially a domestic quarrel, nor could our dispute with England have been successfully used as a bargaining counter in a matter where both honour and justice had already committed us beyond controversy. A more relevant criticism, applicable to both parties, is that some method ought to have been long since found to end this senseless Anglo-Irish dispute.

Mr. Frank MacDermot, T.D., the former leader of the Centre party, vice-president of the United Ireland party and its deputy leader in the Dail, after being over-ruled in private, publicly dissociated himself from Mr. Cosgrave's attitude, stating that he objected to the suggestion that we had a bargaining position and were free to choose between honouring our engagements and dishonouring them. The line of argument adopted by Mr. Cosgrave seemed to him to offend against common sense and consistency, and to make nonsense of everything their party stood for. He protested against it, undeterred by the accusation of being doctrinaire and cosmopolitan. As a result of these differences of opinion, he resigned from the United Ireland party on October 9, and his resignation was regretfully accepted by the National Executive. In his letter of resignation he stated that it was not with a light heart he left an organisation which, at some sacrifice and amid much discouragement, he had helped to build up. There was, he added, no change in his devotion to the cause of a United Ireland, fully and freely a partner in the British Commonwealth, and he would be glad to co-operate in everything that could contribute to the attainment of that ideal. Everyone who appreciates the necessity for courage and honesty in Irish politics will approve of Mr. MacDermot's action. He is one of our few constructive political thinkers, and, as a free-lance in the Dail, he will probably be both happier and more useful; but his gain will be the United Ireland party's loss.

Speaking subsequently at Navan, on October 11, Mr. Cosgrave tried to mend matters by saying that his party were prepared to support an Irish Government that was carrying out obligations entered into by the people of the Free State. In foreign affairs continuity of policy was desirable, indeed essential, and they did not shrink from an effort to fulfil our obligations, properly contracted under the Covenant of the League of Nations. He claimed, nevertheless, that it would not have been irrelevant to have dealt with

the Anglo-Irish dispute at Geneva. Mr. MacDermot's objection, however, was to the entirely different suggestion that Mr. de Valera should have sought to make his support of the Covenant a bargaining counter to secure a settlement with Great Britain.

The Irish Labour party has, of course, supported Mr. de Valera. Before he went to Geneva, it urged him publicly to "give a lead to the League in offering uncompromising resistance to any pretensions of a foreign Power to impose its will on another small nation engaged in a similar struggle for liberty". On the whole, indeed, Irish public opinion may be said to be quite solidly behind him in the attitude he has taken up. The *Irish Times*, which is the mouthpiece of the most conservative view, and generally his strongest critic, expressed the opinion that his speech was by far the best and most sincere made at Geneva for many a long day, and added that his remarks deserved to be broadcast throughout the civilised world.

It would, however, be idle to deny that most Irish people derive a certain amount of quiet amusement from the spectacle of their former ruler, John Bull, lecturing the world on the principles of international morality, even though they recognise that he is now sincere. "Johnny, I hardly knew you" is the devastating comment of *Dublin Opinion*, the Irish *Punch*. One regrets that Tim Healy is not still alive; for he would most certainly have given the House of Commons the views of a Mohmand on the international situation. Mr. de Valera's paper, the *Irish Press*, complains that Sir Samuel Hoare's statement at Geneva, that "we believe small nations are entitled to a life of their own", must sound ironic to Irish ears, and that, in spite of such fair words, deeds are still needed to prove Great Britain's good faith. Another attitude is revealed in the letter alleged to have been received at army headquarters in Dublin from one of the new recruits to the recently created Volunteer Reserve Force, which, after enquiring as to the possibility of warlike operations,

explained that the writer did not join the army in order to fight!

It was, perhaps, to people of this type that Mr. de Valera addressed himself in a broadcast from Dublin on October 4, after war had begun in Abyssinia. The Irish Government's attitude would be determined by its desire to see the League of Nations preserved as an effective guarantee of peace. Beyond their obligations under the Covenant, there were no commitments of any kind. At Geneva they had consistently held that the obligations of the Covenant should be enforced. The task of the League, he said, was to secure peace. Recourse to military measures, therefore, could be contemplated only in the very last resort, when all other measures had failed, and even then no recommendation made by the Council in regard to military measures could impose any legal obligation upon any member of the League to participate in them. In our case, by the Constitution, this country could not be committed to active participation in any war save with the consent of the Oireachtas.*

Speaking at Ennis on October 6, Mr. de Valera replied to the critics of his action at Geneva. This speech was heralded in advance by his optimistic supporters as a "most important pronouncement", and, although this was officially denied, it was pathetic to find that this statement, which was entirely inaccurate, was generally interpreted throughout the country as meaning that he was about to announce a settlement of the Anglo-Irish dispute. The wish was, of course, father to the thought. But no intelligent student of Mr. de Valera's political form cherished any such illusion. In fact, the speech, apart from his reply to his critics, was a mere re-hash of former utterances, and of no real political importance. There could not, he emphatically declared, be any bargaining about a matter of duty. With or without Great Britain, the Free State must support the Covenant. He personally believed that the

* Parliament.

Free State's continued membership of the League was justified—not, indeed, because all its claims had been satisfied, but rather because membership gave all small nations a certain guarantee that such freedom as they enjoyed would not be wrested from them in the future. Incidentally, it may, perhaps, be pointed out that our membership of the British Commonwealth is a much more powerful guarantee of our freedom, although Mr. de Valera may find it hard to admit this.

He assured his hearers, however, that the Government had no intention of depending on the League alone. It would organise the national resources in such a way as to make certain that, in the event of aggression from outside, the best possible defence would be made. Who the aggressor is likely to be is not very clear. To those who criticised him for his failure to negotiate a settlement of the Anglo-Irish dispute, he replied, in effect, that he had nothing to offer the British, except gratitude. Could anyone, he asked, expect him to promise that if the British Government raised the penal tariffs the people of the Free State would cease to agitate against partition, or, that if it renounced its claim to the land annuities we would willingly allow it to retain its military control of certain Irish ports? He was, he said, ready to undertake that the Irish ports would not be used against Great Britain in time of war; he was also ready to admit that the two countries had certain interests in common, and he was prepared to consider how they could co-operate in regard to those interests.

This type of argument is, of course, quite futile, and leads nowhere. It is merely a re-statement of the demand for "external association"—in reality, complete independence—contained in the famous Document No. 2 which he submitted as a basis for settlement during the treaty negotiations of 1921, and his insistence on which led to the civil war. It is impossible to understand Mr. de Valera's actions, unless one realises that he is still seeking,

regardless of entirely changed circumstances, to justify his conduct at that time. He told the people at Ennis that he went to Geneva as the representative, not of the Free State, but of the Irish nation. He talks with ostrich-like fatuity as if Northern Ireland did not exist, whereas in fact its existence is the real crux of the whole Irish problem. He will not, or cannot, realise that the present embittered situation is largely of his own making. He has learnt nothing and forgotten nothing, and seems incapable of applying in Dublin the principles he upholds at Geneva. Admiring, as we must, his obvious patriotism and sincerity, we can only reflect sadly that these virtues, by themselves, do not make a statesman; vision, common sense, and *savoir-faire* are also necessary.

III. Domestic Developments

WHILE our interest in external affairs has been greatly stimulated by the League crisis, our internal difficulties, unfortunately, remain unsolved. Our politicians have been enjoying, at home or abroad, a well-earned rest, which some people think might be indefinitely prolonged. The agitation against the payment of land annuities seems to be dying down, but the amount of the uncollected arrears has not materially decreased. Apart from a few minor and isolated outrages, no acts of violence have taken place during the last few months.

The only important speech during the recess was made by Mr. Sean Lemass, Minister for Industry and Commerce, who, speaking in Dublin on September 12, announced that the Constitution would soon be further revised. A republican constitution would, he said, result from the legislation to be shortly introduced. They had now reached a stage at which the complete achievement of their national objective was in sight. The disintegration of the Opposition was, he claimed, one of the most remarkable of political happenings. The fascist organisation had broken

up, and the campaign against the payment of the land annuities had broken down. Economically, they were still facing certain difficulties, such as other countries also had to contend with, but they were making more progress in their solution than other countries could claim. The consequences of the economic war were now less noticeable, owing to the reorganisation of their resources, which made hostile economic action by any outside country less damaging to their economic life. What changes are to be made in the Constitution Mr. Lemass did not specify, but the abolition of the position of Governor-General is probably contemplated. In fact, His Excellency, Mr. Donal Buckley, the present almost unknown occupant of that position, has recently stated that the Governor-General no longer exists.

It is understood that the Government intend to reintroduce the Wearing of Uniforms (Restriction) Bill * as soon as the Dail meets. This Bill, which is aimed at the Blueshirt organisation (now called the League of Youth), was rejected by the Senate. If it is now sent back to the Senate, it will, under the Constitution, become law within sixty days, as a period of eighteen months has elapsed since its rejection. The refusal of the Senate to pass this Bill is believed to have been Mr. de Valera's reason for deciding to abolish that House. The Bill for abolishing the Senate itself will be ripe for reintroduction at the end of the year, and so far there is no indication that the Government intend to replace that body with anything else. The alterations in the Constitution indicated by Mr. Lemass may, however, throw some light on the subject. It may be doubted whether the Government are wise in passing the Uniforms Bill into law, as the attempt to suppress the wearing of blue shirts is quite likely to increase the popularity and numbers of the League of Youth, which, at the moment, are not very great. The League held its annual congress during August, and overhauled its constitution. This has been made more

* See The Round Table, No. 95, June 1934, pp. 588–590.

democratic, and the dictatorial powers formerly held by the director-general have been abolished. The League is a wing of the United Ireland party, and under its control. The United Ireland party itself is much incensed by the Government's decision to prevent it from continuing to hold a sweepstake in aid of the party funds, the prizes in which were tickets on the Irish National Sweepstake. This sweepstake was, of course, illegal, and the Government might be more justly criticised for allowing it to take place in the past.

The extreme tariff policy of the present Government has given so many hostages to fortune in the shape of new industries that the recently revised programme of the United Ireland party includes a promise to continue tariffs imposed to protect new industries, if the party is returned to power. Mr. Cosgrave has recently pointed out that, while the actual increase in taxation in this year's budget is £6,000,000 over that of 1931–32, the hidden taxation arising from the increase in the cost of essential commodities, like flour and sugar, amounts to £4,000,000. This increase of £10,000,000 comes to £3 6s. 8d per head of the population per annum. But as his party propose to maintain the existing tariffs, to continue the wheat and beet schemes, to maintain the unemployment assistance scheme, and to grant complete derating to agricultural land, it is difficult to see what relief their return to power would give the unfortunate consumer, who is not a manufacturer, and has to support a family. Factories recently opened include a dead meat factory at Roscrea, County Tipperary, and a tannery in County Waterford. To protect the latter concern, a tariff of 37½ per cent. has been imposed on all imported leather. To protect the new thread factory at Westport, a duty of 40 per cent. has been imposed on thread.

Mr. Lemass continues to protest that he is not oblivious of the necessities of agriculture, and some of the manufacturers are already becoming painfully aware of the fact that, without a prosperous agricultural community to

absorb their products, tariffs are of small avail. The cancellation of the bounty granted to woollen manufacturers on exports to Great Britain—which the Government can no longer afford to pay—will, for instance, soon kill the export trade in tweeds to England. Recent legislation provides for the restriction of the import and export of butter and milk products, the registration of milk vendors, the payment of bounties and the fixing of butter prices. Other Acts provide for the regulation of the dairying industry and of bacon production. And so we go on in an ever-widening vicious circle of regulations, tariffs, bounties and controls, all providing more jobs for clerks and inspectors, increasing the cost of living, and destroying freedom of trade.

The Slaughter of Cattle and Sheep Act, recently passed, which has violently incensed the butchers, is an interesting example of this process. This Act enables the Minister for Agriculture to compel any butcher, who he suspects is not paying the minimum price fixed for cattle, to buy all his cattle through a government inspector. During the debates on the Act the Minister frankly admitted that the original Act,* fixing a minimum price to be paid to the farmers, had failed in its purpose. All this only proves that we cannot maintain an artificial price by regulation. As long as there are surplus cattle available for the home market, which have no other outlet, all the regulations and penalties the Minister can devise and inflict will not secure the general payment by butchers of a price higher than the average selling value of cattle to any purchaser. Further, although free beef has ceased, the butchers, or, rather, the farmers, are to be compelled to pay the levy imposed last year for the purpose of financing the scheme. Both the butchers and the farmers threaten passive resistance to this measure. In the meantime the Minister has abandoned the official minimum price of 25s. a cwt, as he was unable to enforce its payment.

* See The Round Table, No. 97, December 19 4, p. 164.

In spite of the tariffs and the new factories, the number of registered unemployed in the Free State increased from 33,000 in 1926 to 104,000 on October 6 last. The Department of Industry and Commerce have recently published a memorandum on the subject, which maintains that these figures are not strictly comparable, because the present Government instituted a new system of classification, and because the possibility of work in the new industries has induced many people to register in the hope of obtaining employment. These factors, and others, complicate the situation to such a degree that it is difficult to draw any definite conclusions. The memorandum claims that the available evidence proves that aggregate employment in 1934 was considerably greater than in 1926, 1931, or 1933. But is it keeping pace with unemployment? Both seem to have grown, but their true relation is not clear. As our population is increasing at the rate of about 20,000 a year, an increase in the number of people at work does not necessarily mean that the number of unemployed has declined.

The effect of the coal–cattle agreement * is shown in the increase of the export and import trade in these two essential commodities. The British trade returns for September prove that the value of cattle imported from the Free State during that month increased by £174,942 as compared with September 1934—a striking confutation, if such were necessary, of the declaration by Mr. de Valera and his colleagues that the British market is gone, and gone for ever. Bacon and butter exports to Great Britain have also increased. It may be added that it is calculated that some 60,000 cattle have also been smuggled into Northern Ireland since the beginning of the year, and these, no doubt, should be included in our invisible exports! Nevertheless, any satisfaction the Irish agricultural exporter may derive from these figures must be tempered by the knowledge that but for the economic dispute he would receive,

* See THE ROUND TABLE, No. 98, March 1935, p. 369.

approximately, 40 per cent. more for his produce, and that any increase in our agricultural exports to Great Britain contributes to the payment of the withheld land annuities.

The Irish Free State,
November 1935.

GREAT BRITAIN

I. The General Election

THE date of the general election, November 14, nicely prevents any treatment of its results in this issue of The Round Table. As we go to press it appears that the Government will have a majority of about 250—far more than was generally expected. What particular issues moved the electorate to record this striking result it is not easy to tell. The first question on which they had to be satisfied was, why an election now. Why, asked the Opposition parties, wilfully plunge the country into political turmoil at the height of an international crisis? Mr. Baldwin gave his answer in the House of Commons on October 23. There must by law be an election during the next twelve months. The financial business of the House, the holidays, the Christmas trade, all ruled out certain periods, leaving only the immediate future or early in the new year. He had perceived, he said, that as far as could be seen ahead—"and you can see ahead with greater certainty for three weeks than for three months"—there was coming a lull in foreign affairs, and that it would be perfectly safe to have an election in that time. "What an amazing statement!" commented Mr. Lloyd George. An economic war had been declared on Italy; they had been organising a strangle-hold on Italy—and that was called a lull. The Government, he inferred, must have some hidden understanding with Signor Mussolini—an accusation that was vigorously denied. Other Opposition leaders have charged the Government with using the international crisis to frighten the electors into returning them with a mandate for massive rearmament. But the Prime Minister's reasons

carried weight; for the prospect of an election in January might well have weakened our national influence abroad far more seriously than an election which would be over by the time the major economic sanctions were put into force by the League.

Be that as it may, the first great issue of the election has been foreign policy. Yet this is highly paradoxical; for on the main lines of foreign policy all three leading parties are in agreement. Their differences, where they exist, lie in emphasis, in details, in inferences from the main theme. All stand by the League; all interpret League obligations as including sanctions against an aggressor, to-day against Italy; all are reluctant, though in varying measure, to commit themselves to the principle of military sanctions, either in this case or in general. This unanimity, the most remarkable fact in British foreign policy to-day, has not been so complete for very long. Not many months ago, pacifism seemed to be dominant in Labour counsels; the trade unions leaned towards "working-class sanctions" against war as an institution, rather than international sanctions against the aggressor. In view, therefore, of the critical world situation, keen attention was fixed upon the conferences of the Trade Union Congress and the Labour party in September and October. In both, the vote in favour of League sanctions was overwhelming, and it clearly represented the conviction of a great majority in the Labour movement. But the decision was not reached without contentious debate, in which two of the party's leading personalities—Mr. George Lansbury and Sir Stafford Cripps—went with the minority. Mr. Lansbury, leader of the party in the House of Commons, expressed his pacifist convictions with deep fervour. Clearly outvoted, he was bluntly told by Mr. Bevin that he should resign the leadership, and after a little while he did so, making way for the industrious and reliable Mr. Attlee. Mr. Lansbury is the best loved figure in the Labour party, but it was plainly too much of a

handicap for the party, especially at a general election, to be nominally led by one who disagreed with its own policy. Lord Ponsonby, the party leader in the Lords, is also of the pacifist persuasion, and he too resigned, to be replaced by Lord Snell.

Sir Stafford Cripps was in a very different position. He could appeal to no mature moral conviction in support of his view that Labour should keep its hands clean from an "imperialist ramp". Indeed he had to explain how he had changed his mind since he abused the Government for not applying sanctions in the Sino-Japanese dispute, or since only a few months ago he said:

> You must rely on collective security if there is ever to be a chance of avoiding a fresh cataclysm in Europe.

The swiftness of his change in allegiance gave a tart pertinence to Mr. Jack Williams' remark at the party conference. "I think it will be agreed," he said, "that Sir Stafford Cripps is the most colourful figure the workers in this country have produced since Sir Oswald Mosley." These two, indeed, are on the same side in the home-front battle over League sanctions. The Blackshirts are possibly somewhat embarrassed at finding themselves ranked with pacifists in opposition to a decisive national purpose; their attitude is neatly summed up in a slogan seen on one of their advertising vans: "Line up with Litvinoff? Not Much!"

The Government themselves have had to face opposition to sanctions from among their own supporters. There are those, like Sir Arnold Wilson, who think that less than justice has been done to Italy's case, and more than justice has been done to Abyssinia's. Others, like Mr. Amery, detect in what is happening a danger that Great Britain will become the single-handed policeman of the world, and, though not actively opposing economic sanctions, they "would not send a single Birmingham lad to his death for Abyssinia." Mr. Amery now confesses himself reassured

that the Government have no intention of applying military sanctions. Some commentators have detected a difference in tone between Sir Samuel Hoare's speech in the last debate of the dying Parliament and Mr. Eden's, on the question whether we would be prepared—in concert with other members of the League—to press the authority of the Covenant in the last resort by military measures. All party manifestos and most leading speakers have avoided raising that question directly. By far the most outspoken has been Mr. Lloyd George's Council of Action.* The Council, though not a party—the idea of running candidates of its own was soon jettisoned—hoped to prove a powerful force in the election through its ability to sway votes in favour of candidates who came closest to its own views. Mr. Lloyd George himself, of course, made no secret of his opinion that this would usually mean voting against Government candidates. Dr. Scott Lidgett, the vice-chairman of the Council, declared on the contrary that " as between a candidate loyal to the policy outlined by the Prime Minister and a Socialist candidate, I must unhesitatingly support the former." Only a handful of Government supporters appeared in the Council's list of approved candidates, the remainder being Socialists and Opposition Liberals, with a few Independents.

The Council's statement of policy declares, in the course of its treatment of foreign affairs, that

> the British Government should propose that the communications of Italy with East Africa be severed by the League until hostilities cease and the Peace Conference can assemble, and should declare its willingness to take effective action to this end provided it obtains adequate co-operation from other League members in so doing.

In other words, subject to that proviso the Government should blockade the Suez Canal and if necessary fight Italy in order to do so. That this should be the policy of those whose appeal is made largely to " the nonconformist

* See The Round Table, No. 100, September 1935, p. 799.

conscience" is strange, but illuminating; it should certainly perplex the cynics overseas who declare that Great Britain's attitude at Geneva is based fundamentally on no moral sentiment but only on imperial self-interest.

The degree of vigour with which the sanctions policy was pressed varied rather from candidate to candidate than from party to party—leaving aside the minority groups like the I.L.P., which takes a stand against war in any form, and against "preparations for war". (The I.L.P. is now altogether divorced from the Labour party.) What, then, was the issue, in the field of foreign policy, that was placed before the electorate? First, the Labour party charged the Government with "eleventh hour repentance" of its former neglect of the League of Nations. If the Government were returned, they said, it would use its new political security to revert to imperialism and power politics. The Government, in reply, not merely professed their own sincerity; they carried the fight into the enemy's camp by pointing to Labour disunity, and they claimed, moreover, with great force that to return an insecure Government was the surest way to weaken our resolution and our influence abroad.

The second great point of divergence has been over armaments. To the Labour party, the election was an "armaments ramp", a device to smuggle in a "Big Navy" programme under the disguise of support for the League of Nations. "Labour," ran the party manifesto, "will efficiently maintain such defence forces as are necessary and consistent with our membership of the League," but it will

> propose to other nations the complete abolition of all national air forces, the effective international control of civil aviation and the creation of an international air police force; large reductions by international agreement of naval and military forces, and the abolition of the private manufacture of, and trade in, arms.

The Government's manifesto started from the same general text. "The Covenant itself requires that national armaments should be measured both by the needs of national

defence and by the duty of fulfilling international obligations."

> The fact is (continued the manifesto) that the actual condition of our defence forces is not satisfactory. We have made it clear that we must in the course of the next few years do what is necessary to repair the gaps in our defences, which have accumulated over the past decade, and we shall in due course present to Parliament our proposals, which will include provisions to ensure that the programme is carried out without either waste or unreasonable profit to contractors.

At the same time, efforts will not be relaxed to attain, by international agreement, a general limitation of armaments.

Speeches by Ministers show clearly that the Government realise the popular fear of too costly or provocative an armament programme. Mr. Neville Chamberlain has assured the electors that as Chancellor of the Exchequer he will consent to no expenditure that is not absolutely necessary. " There has not been, there is not, and there will be no question of huge armaments or materially increased forces," said Mr. Baldwin at Wolverhampton. " I give you my word," he declared to the International Peace Society, " that there will be no great armaments." Sir Herbert Samuel remained suspicious, because, he said, he knew

> that within the Conservative party there are powerful and numerous elements, altogether sceptical about the League of Nations, collective security, and disarmament, who call themselves realists and see in the might of the strong right arm of Britain our only security and sensible policy.

He objected to the request for a " free hand " in rearmament. Labour spokesmen have called it a " blank cheque ", and Lord Snowden " dared not think " what the expenditure on fighting services would be when the cheque had been filled in.

Lord Snowden's position has been one of the most interesting things in this election. He stood, it will be remembered, with the National Government in 1931, and it was generally believed that his advocacy was very

powerful in securing their return. He crossed into opposition over the tariff issue, and quarrelled with them equally violently over the repeal of his land tax legislation. A great deal of surprise, and in some quarters resentment, was caused when he was chosen by the Liberals to give one of their three allotted election broadcasts—their other two spokesmen being Sir Herbert Samuel and Mr. Lloyd George. The Conservatives, who were grumbling at being given only five broadcasts to Labour's four, objected that with Lord Snowden the Labour party would have the same number as themselves. The Government Chief Whip went so far as to write to the Liberal headquarters: "I must enter an emphatic protest against what I consider a breach of the agreements (over political broadcasting) and ask you to take the necessary steps to nominate an Opposition Liberal in place of Lord Snowden." The Liberals replied that they chose whom they pleased to broadcast on their behalf. Lord Snowden, who has a peculiarly effective radio manner, advised electors to vote if they could for a Liberal who was standing on a Council of Action programme; otherwise the progressive elector "might vote for the Labour nominee without fear that he would be precipitating a social revolution". Socialism, declared Lord Snowden, was not an issue at this election. He is a brave man to use these words, for it was he who assured the public in 1931 that at that election tariffs were not an issue.

The elector might well ask, what is socialism? Labour, we were told, would pursue its policy of socialist reconstruction.

> Labour has already put before the country, boldly and clearly, schemes of public ownership for the efficient conduct in the national interest of banking, coal and its products, transport, electricity, iron and steel, and cotton. It has also declared for the public ownership of land.

But nobody supposed that even if Labour had been given a majority its nationalisation programme could have been rapidly carried out, or could be reckoned as an immediate

policy for dealing with the still urgent problem of unemployment and the special areas. The Labour party promised to "seek above all to reabsorb idle workers into productive employment by far-reaching schemes of national development". It is determined, of course, to abolish the "means test" for the receipt of unemployment assistance, and this has doubtless been a popular plank in its platform in industrial districts where unemployment is above the average. But as a national issue the means test appeared to shrink in importance beside the question of public works, in the broad sense, as a remedy for unemployment. The Liberals stood for "a vigorous, sustained policy of national development". The Council of Action called for a National Prosperity Loan of undefined amount to finance a national housing policy, the co-ordination of housing policy with regional development, a big road programme, improvement and expansion of the nation's electrical services, and a great many other forms of national capital expenditure. The Government, too, are to try the same recipe, though in less gluttonous amounts. They pointed with pride, in their election statement, to the scheme of government-aided improvement to London transport,* which is already afoot. It has been announced that £30,000,000 will be raised in a similar manner for improvements on the main line railways. The Chancellor of the Exchequer has promised a five-year programme of road improvement costing £100,000,000—though how far this will be additional to the present vast expenditure on roads is not quite clear. Anyway, it is plain that we are now to have a considerable programme of public works, in spite of the defeat of the Opposition with its more grandiose schemes.

There are other items of economic and social policy that were common to both Government and Opposition programmes. One was the raising of the school-leaving age, which has long been a plank in the Labour and Liberal

* See THE ROUND TABLE, No. 100, September 1935, p. 798.

platforms. The Government clearly attach great importance to their educational policy, for they issued a special memorandum on it with their election manifesto. Its main features are—

1. Raising the school-leaving age from 14 to 15, with exemptions between those ages (*a*) for beneficial employment, (*b*) in exceptional cases for home duties.
2. Empowering local educational authorities to give building grants for a limited period to voluntary schools in connection with (*a*) raising the school age, (*b*) reorganisation.
3. Abolition of the restrictions on the proportion of children who may be admitted to secondary schools either free or at reduced fees.
4. Increase in the number of State scholarships tenable at universities, and more assistance to the holders of these and other State awards.
5. Placing the provision of technical education on a thoroughly sound and up-to-date basis.
6. Development of adult education.
7. Improving and maintaining the health and physique of young people during and after school-days through the provision of nursery schools, the development of the school medical service, and a comprehensive system of physical training.

On this issue the Opposition parties could only promise to go further in the same direction.

Another line of policy in which the direction, though not the distance, of each party's policy is the same is government intervention in the coal-mining industry. Another section of this article * deals with the national crisis that threatens over coal-miners' wages. Labour's solution is nationalisation of the whole industry; the Government favour state intervention to the extent of enforcing improved selling arrangements—"without which there is not the money in the industry to provide a higher rate of wages"—and the unification of royalties. "If the owners will not put their house in order the Government will have to take appropriate action itself," declared Mr. Ramsay MacDonald at a National Labour rally, adding that

* See below, p. 153.

" one of the biggest needs of this nation to-day is that the miners' wages should be raised."

And so the ding-dong battle has gone on, without any clear question that the elector could answer, yea or nay. " We have put a million men into work," said the Government. " There are still two million unemployed," said the Opposition. " We raised the credit of the country and strengthened its balance of trade." " Food prices have gone up; the export industries are in decay." " The Government stands by the League." " The Government failed the League before." And on November 14, out of this hurly-burly, the electors of Great Britain and Northern Ireland went to the polls to choose a new Parliament, which before its term is ended will have to face many issues that they never thought of, both at home and abroad.

II. Trouble in the Coalfields

THERE is trouble in the coalfields again. A national strike ballot has been taken on the demand for an increase of wages and although, at the moment of writing, the result is not known, it seems probable that authority for extreme action will be given. The miners do not want a strike, but their history affords only too many instances of the difficulty of keeping a mass movement in check. Once the rank and file have been stirred up to vote for a strike on a specific issue it takes unusually wise and courageous leadership to win acceptance of a compromise that will stave off a stoppage.

The present dispute is far less simple than that of 1925–26. Then the miners were resisting the employers' demands for lower costs, to be secured through longer hours, lower wages and district flexibility. The miners rejected all compromise and in the resultant struggle they went down. During the intervening nine years the hours issue has been settled by the acceptance of the 7½-hour day (under the Labour Government's Act of 1930); any further

shortening of hours, it is conceded, must now depend on international agreement. But the miners are no nearer than they were at the end of 1926 to the restoration of national conciliation machinery for the regulation of wages. The owners defeated the Labour Government's attempt to provide it through a National Industrial Board, and although the National Government has declared its wish to see "the establishment of machinery for the discussion and negotiation of wages on a national basis" it is not prepared to apply coercion to that end.

In the first six months of this year the miners' efforts were directed towards the restoration of national machinery and, equally fruitlessly, towards gaining wage advances in the districts. In July their delegate conference decided on a campaign for a general flat rate increase of 2s. a day for adults and 1s. 3d a day for boys. They enlisted the moral support of the Trades Union Congress and the Labour party, and they have won a great deal of public support in all quarters. On October 18 it was decided to take a ballot (on November 12 and 13) to give the Executive authority, if need be, to press the claim to the extent of calling a strike. A national strike, as the owners have pointed out, would mean the breaking of all the district agreements, and would lead to legal complications. It is not, therefore, a step to be taken lightly.

The miners' leaders, indeed, have not put the strike issue in the front. They have presented a reasoned case which, whatever its faults of emphasis, is hardly unreasonable. Earnings are admittedly low—the average last year was less than 44s. a week, and thousands received no more than 30s. Output per head is steadily increasing owing to mechanisation, and production costs are falling. Conceding all the facts of the permanently lost export trade and the greatly diminished home demand, the miners argue that even within their depressed industry there is room for better wages. As Mr. Edwards, the Federation secretary, has put it,

Of every four tons of coal produced in Britain, three are consumed within its shores. Therefore, three-quarters of the coal problem is a home problem and is completely within the mine-owners' control.

The solution is seen to lie in the reorganisation of sales methods.

If there had been a unified system to prevent competition among the colliery owners themselves, a much higher level of prices could have been obtained without in any way injuring the consumer of coal.

The miners' campaign has been interpreted by its leaders as designed to arouse public opinion into compelling the owners to reorganise their selling system by the national co-ordination of district sales organisations and by the regulation of export sales; as a corollary, the miners would add national machinery for the regulation of labour conditions.

Although they approach the issue from the angle of wages the miners are putting a case that is conceded by the most progressive minds in the industry. The Coal Mines Act of 1930 has saved the industry from collapse during the depression, but its machinery has proved inadequate, full of loopholes for evasion, and extremely difficult of amendment. Even the threat of government intervention—carried to the point of the introduction of a Bill in the Commons—has had little effect in overcoming the inertia of the main body of owners; almost nothing has been done in the twenty months since the owners gave their pledges to correlate the district minimum prices. Some districts have displayed energy, notably the Lancashire owners, whose central selling scheme came into force in July, but in most other districts initiative has been lacking.

The miners' campaign has already had the good result of hastening reform. After the miners' conference on October 18 the Secretary for Mines put strong pressure on the owners, and extracted from them an undertaking that

before July 1 next year selling organisations would be set up in all districts, with central co-ordination. He admitted that "only by a reorganisation of the selling side could reasonable prices be obtained by the sale of coal and the industry put on a proper financial basis, thus allowing better wages to be paid." Although this went a long way towards meeting the miners' case, it has not satisfied them. They contend that the benefits of selling reorganisation, as the Government proposes it, are too much in the future, that the first effect would be to increase profits and not wages, and that there must be "an immediate improvement in wages". They further offer to submit their case to an independent tribunal and to abide by its judgment. During the election Mr. Baldwin asked the miners to call off their ballot, but they refused.*

Clearly the stage is being set for the re-emergence of the coal problem in the new Parliament. The miners are in a fairly strong position. They should be able to extract some definite concession on wages within the next few months—the Lancashire owners have already offered one; and, with the aid of a strengthened Opposition in the House and a revival of public interest, they should be able to apply further pressure for reorganisation. The test will be leadership. The rank and file is in better heart than at any time since 1926; union membership is increasing in spite of the heavy unemployment; and the strange episode of the "stay below" strikes in South Wales in October (although on a local quarrel over non-unionism) was an index of the men's temper. If the miners are able by their threats to force reorganisation on a reluctant industry they will have achieved a great deal. But there is always the risk that the weapon they use may recoil, to the injury of the public and themselves.

* The Government's election policy towards the coal industry has been described above, p. 152.

CANADA

I. The Social Credit Movement in Alberta

THE elections of August 22 in the province of Alberta aroused a lively interest throughout Canada. In other provinces during the past two years, the people have voted firmly in reaction against the depression. Conservative Governments have been defeated and have been replaced by Liberal Governments. It has remained for agrarian Alberta to give decisive approval to a new party professing with religious fervour a philosophy of Social Credit inspired by Major Douglas. The results of this popular effort to grapple with the demon of depression and to inaugurate a "New Deal" within the limits of a single province have yet to be revealed.

Social Credit returned 56 of the 63 members of the provincial legislature. Five Liberals and two Conservatives, of whom six were elected in the cities of Calgary and Edmonton, won the other seats. With a single exception, the rural constituencies elected Social Credit candidates. The United Farmers of Alberta, who rose to power fourteen years ago in an earlier manifestation of populist emotion, elected not a single candidate, although they still commanded 30,000 votes. Labour and the other minority parties elected no representatives. Of the parties in the former House, only the Liberals received wider popular support than in the 1930 election. The poll was large beyond all precedent. In a province with a population of three-quarters of a million, 300,000 votes were cast, as against 196,000 in the election of 1930. Social Credit polled more than 160,000 votes.

The sweeping and unexpected victory of a newly

organised party has focussed national attention on Alberta. Who is Mr. Aberhart? Why did the people of Alberta give him such decisive support? What is his Social Credit plan? What are its social implications? Is the plan legally applicable within the limits of the British North America Act? Such questions as these were asked throughout Canada after August 22.

Mr. Aberhart is a Calgary schoolmaster, 57 years old, born in western Ontario of German stock, and thirty years resident in the West. For a long time he had been known in Calgary as an advocate of prohibition and in recent years as the leading spirit of the Prophetic Bible Institute, whose congregation extended to the range of a local radio station. Three years ago, Mr. Aberhart came by chance upon the books of Major Douglas. Presently, the gospel of Social Credit as interpreted by Mr. Aberhart was merged with the fundamentalist evangel of the Institute. Converts to his specific policy were not numerous beyond southern Alberta until the winter of 1934, when the Social Credit movement spread northward by way of drought areas in the eastern part of the province. In the spring, the entire province was aware of Mr. Aberhart. Crowded meetings began with "O God, our help in ages past." They dispersed leaving the popular impression that the evils of defective purchasing power might be ended by a monthly grant of $25 to every man and woman in the province. The movement soon assumed a political significance. It was announced that Social Credit candidates would be run in every constituency in the forthcoming election. Study groups multiplied. During the summer, the fortunes of the new party were variously reported. Some competent observers said that the movement was already on the wane. Others, nearer the rural constituencies, noted the complete disappearance of enthusiasm for the old-line parties, including the United Farmers of Alberta. In Mr. Aberhart's words, Social Credit had swept Alberta like a prairie fire. Under him, the people, in a radio-wide fraternity, had appealed

to God against all their alleged oppressors. Some, no doubt, were genuine converts to Social Credit theory. Some, perhaps, hailed the second coming of ready cash. Others said: " We do not think he can do it, but he says he can and we'll let him try."

It would be hazardous to conclude, from the large Alberta vote for Social Credit, that the province to that extent shares the expressed convictions of Mr. Aberhart, or expects that he will be able to implement his promises, at least in the form in which he has made them. While many people implicitly accept Mr. Aberhart's repeated assurances, and expect to receive their basic dividend at an early date, many others—probably far more—have no such confidence, and do not admit that they voted with that expectation. No one, therefore, can at the moment estimate the degree of patience or of irritation with which the electorate will meet any postponement or frustration of the hopes that have been aroused.

What is certain, however, is that the vote may be rightly regarded as a vigorous protest against existing depressed conditions, and against their indefinite continuance, and further as a direct expression of weariness with the old parties—a weariness to which the last session of the expiring provincial Parliament, it is generally agreed, contributed its due share.

A full understanding of the situation would call for a study of all the factors at work, many of which, naturally, are peculiar to Alberta; but no one who is concerned to note the tendencies of modern democracies will fail to see, in Alberta's action, one illustration of the direction that a tired and disillusioned democracy without traditional leadership may suddenly determine to take, under the pressure of unrest and discontent, when palliative measures have successively failed to bring the desired relief. The student of affairs will naturally associate Alberta's action with the tendency, attributed to the newer democracies of the western world, to venture upon political experiments,

and with their greater faith that social forces are readily amenable to legislative control. The historian may find a close parallel in the populist movement of the 1890's in the United States. Observations of this sort, however, must make way for a note on local influences.

During the last few years, political and economic convictions in Alberta have been in a very fluid state. In 1921 the U.F.A., originally a non-political organisation, entered the political field and swept the country. The programme was one of economy and reform, and its political theory, ardently espoused, was that of functional representation or group government, which, as Alberta is situated, has in effect meant government by one—the agrarian—group. This isolation, once splendid, became embarrassing as later lines of political cleavage appeared. The original impulse for reform lost its vigour and was displaced by a newer movement which preached social and monetary reform and centred its interest in the federal field. This more articulate movement found its chief expression in the Co-operative Commonwealth Federation party. The alliance of the C.C.F. with Labour on the one hand and (less formally) with the Farmers' party on the other, taken with the appeal that its programme made to tender minds everywhere, gave sufficient indication of the probable future lines of political cleavage. The local and provincial conventions of the U.F.A. became, in tone and temper, C.C.F.; so, in the main, did debates on the floor of the House. Officially, however, the Government neither acknowledged the newer movement nor defined its attitude towards it. Only in January 1935, with an election in sight and the Social Credit forces already in motion, was an effort made to hold the rank and file of the U.F.A. to the older order of ideas. In that month the annual convention rejected the advances of Mr. Aberhart, and the reform sentiment that was presently to find its organiser in him was left disunited, without a provincial leader, and without a home.

In Mr. Aberhart, the man and the hour met. He gave the question of monetary reform an immediacy it had not previously possessed by boldly transferring it from the federal field to the field of provincial politics, and his promise of immediate and decisive action, as much as any definite promise based on Social Credit ideas, rallied to him the massive support he received. In the story of his short and triumphant campaign, it is important to emphasise the fact that Mr. Aberhart already had a large and devoted audience to whom his religious message had come in tones of assurance and of friendship. It was from a familiar platform that he preached the gospel that poverty must not be tolerated in a world of plenty; for the makeshifts of the old parties he promised his alluring alternative. The appeal, as the preacher made it, transformed his political campaign into a religious crusade.

Mr. Aberhart needed no one to teach him that crusaders do not stop to bandy arguments, but must march breast forward. His instructions to his candidates were, in effect, to preach the gospel and to ignore debate. The practical difficulties—and he did not deny they would present themselves—would be faced in due season. The first thing was to elect a Social Credit Government. It is already clear that the battery of argument directed against Social Credit was, in the main, wasted effort. The plain truth is that all others were brilliantly out-manœuvred by a new-comer who declared that he detested politics.

Detailed proposals of the new Government have not yet been made public and thorough analysis is beyond the compass of this article. However, the ideas of the new provincial Prime Minister are conveniently summarised in the *Social Credit Manual*, a pamphlet widely circulated during the campaign. Fundamental in the plan are "the basic dividend" and "the just price". Monthly credits, tentatively fixed at $25, are to be given to each "*bona fide* citizen of the province". Children are to receive smaller, and disabled adults larger monthly allowances. Transfer of

the basic credits in payment for commodities and services is to be made by means of "non-negotiable certificates" of indebtedness, which the creditor presents at a branch of "the state credit house". These monthly "dividends" are designed to secure for the inhabitants of the province "the bare necessities of food, clothing and shelter". They are not intended to replace the ordinary incomes of the recipients and are not repayable. Their receipt is conditioned only by the stipulation "that the recipients must co-operate in every way possible". "All basic dividend credits and all salaries or wages or incomes from whatever source" must be expended within a year of their receipt. "Surplus credits" may be used to purchase government bonds.

For the recall of the credits there is to be "a scientific system of recovery through the credit cycle", which "must not be a gigantic scheme of taxation". Mr. Aberhart believes that the issue of the dividends will so increase the volume of business that a "levy" may be collected at each stage in processing and marketing without lowering the net prices paid to the producers of raw materials or raising the prices paid by consumers for the finished product. The middle-men, he believes, will be able to secure a reasonable return from a much smaller margin than the present "enormously excessive price spreads", which are regarded as "unearned increment". The aggregate amount of the dividends is tentatively estimated at $10 million monthly or $120 million annually. The current annual revenue of the provincial government on income account is in the neighbourhood of $15 million. However, if the credit "circulated" once a month Mr. Aberhart estimates that "ten million dollars' worth of credit would handle it all."

From time to time "a commission of our best experts" is to determine the "just price" of each commodity or service consumed in the province. This price is to allow for the "unearned increment levy" and "a fair commission on turnover". "To help make consumption balance and

control production a compensating price will be declared." The difference between the "just price" and the "compensating price" is to be paid in "credit" to the buyer or the seller. The probable effect, on the direction of industry, of guaranteeing a fair profit or commission is not entirely overlooked: "all producers will be allowed temporary, supervised credit to enable them to serve the citizenship in the best possible way. Direction should be given from time to time as to the products most needed." These "production credits", repayable without interest, "will prevent hoarding for the sake of making high interest".

Goods that may be imported at less than the just price are to be subjected to "an unearned-increment levy". The producer in Alberta who may have to sell at a world price below the just price is to receive a credit bonus which the Government is to recover by a levy on imports into the province. Since "salaries or wages will be paid as now but in credit, not money", the plan implies that the internal business of the province will be conducted entirely with the "non-negotiable" certificates, that Dominion currency will be held only by the provincial government, and that all external trade will be conducted through government channels.

These are some of the salient features of "the wondrously simple plan". They suggest government control of business and personal affairs to an extent hitherto undreamed of in Canada except by avowed communists. It is doubtful if Mr. Aberhart or many of his followers are fully aware of the social implications of the plan. Mr. Aberhart repeatedly says that there will be no confiscation, no repudiation. He proclaims his faith in "controlled individualism". He rejects "communism, fascism, nazi-ism". Yet there are in the *Manual* distinct implications of a levelled and regimented society difficult to distinguish from the -isms that he professes to abhor. The ideas point to a new order: they are anomalous in the present economy of Canada. The contradiction of many of Mr. Aberhart's statements by

the logic, presumably unconscious, of the Manual may explain the cross-purposes of the controversy between him and his critics concerning the meaning of a tax. Mr. Aberhart has denied that the proposed government charge at each stage of processing and marketing, for the purpose of retiring the Social Credit, is a "tax". It is said to be a "levy". By all the rules of the present order, it is a tax. It may be only a "levy" if one assumes that all returns from private property over and above the requirements of subsistence for the citizen "and his loved ones" belong to "the cultural heritage" of the community.

Furthermore, it is not clear that the supporters of Social Credit have adequately considered the possibilities of conflict with the Bank Act and with the Constitution of Canada. Reference to section 138 of the Bank Act prompts grave doubt whether a province has power to issue certificates "designed to circulate as money or as a substitute for money". Further, the question arises whether the application of the "just price" does not involve indirect taxation beyond the powers of a province, and interference with inter-provincial and foreign trade, which is now exclusively a federal matter. To those not of the faith, the "unearned increment levy" on imports looks very much like an import tax clearly beyond provincial powers. Section 121 of the British North America Act reads: "All articles of the growth, produce, or manufacture of every one of the provinces shall from and after the Union be admitted *free* into each of the other provinces." Consideration of the *Manual* from the legal point of view opens to the imagination vistas of litigation.

The advent of the Social Credit Government has been accompanied by few obvious symptoms of apprehension. After the election, holders of Alberta savings certificates withdrew their loans to the government to the extent of about $1,000,000. Further withdrawal was checked when the retiring U.F.A. Government temporarily suspended payments, a suspension that has been continued by the new

Government. Alberta bonds sharply declined and partially recovered. It is stated in the press that the flight of capital from the province has, so far at least, been slight.

The new Government was inaugurated early in September. The Ministers are inexperienced (no Minister has previously even sat in the legislature), but among them are said to be competent men. Soon after taking office, Mr. Aberhart went to Ottawa to negotiate a loan from the federal government. He received \$2½ million from the federal treasury to meet the immediate needs of his province. In the East, he met the Prime Minister of Canada, several bankers (some of whom are presumably among " the fifty big-shots " referred to in the *Manual* as the villains of the Canadian melodrama), and crossed to Detroit to call on a kindred American spirit, Father Coughlin. The bankers appear to have walked delicately; they desired more detailed information. Politicians, on the eve of a general election, were aware of a new force in Canadian politics and also moved circumspectly. Assurances are numerous that Alberta's new Government will be given a fair field.

Mr. Aberhart has frequently said that it will take from fifteen to eighteen months to work out the details of the Social Credit plan. It is idle to predict to what results postponement, frustration, or achievement may lead. We shall see what we shall see. Arguments and facts that may have been ignored in the strategy of the election have not necessarily been changed by the enthusiastic vote. As things stand on the morrow of the Alberta election, Mr. Aberhart is in the position of a general who has brilliantly won a position of strategic advantage but whose first battle is still to be fought.

Of the sobering thoughts that follow the Alberta election, none will be more common than the reflection that people do not respond to reason as readily as they do to emotion; it may be well to reflect further that the community may be right in insisting that in the solution of social problems the heart must bear a large, if not the larger, part.

II. The General Election

OCTOBER 14 was indeed a *dies iræ* for the Canadian Conservative party and Mr. Bennett's Ministry. The results of a series of federal by-elections and provincial elections had presaged a difficult ordeal for them at a general election, but the gloomiest of the Conservative augurs scarcely guessed that their party's representation in the House of Commons would fall from 137 to 42, its lowest figure since Confederation, nor was any Liberal prophet so optimistic as to predict that Mr. Mackenzie King would have 176 supporters in the new House, as he will have if, as is virtually certain, 4 Independent Liberals and 2 Liberal-Progressives align themselves with the regular Liberals. The Liberal party carried all the 26 seats in the maritime provinces save one, and all except 5 of the 65 seats in Quebec; it made 33 gains in Ontario, a traditional stronghold of Conservatism, to raise its total representation from that province to 55, a figure only once before exceeded; and carried roughly three-quarters of the 38 seats in Manitoba and Saskatchewan. Only in the two westernmost provinces did the Liberals fail to gain ground; for in Alberta they could make no headway against the flowing Social Credit tide and carried only one seat, and in British Columbia they balanced losses with gains to secure 5 seats. It is true that they were greatly favoured by the luck of multi-cornered contests, and polled substantially less than one-half of the total vote recorded, but the new administration under Mr. Mackenzie King is assured of a broad national basis of support.

The Conservatives were badly routed everywhere except in Toronto, Hamilton and certain tributary territory in Ontario, those divisions of Montreal in which the English-speaking element predominates, and the fruit-growing districts of British Columbia; more than one-half of their sadly decimated strength comes from Ontario, while the three maritime and the three prairie provinces have between

them returned only 5 Conservative members. The Conservatives are disposed to blame the intrusion of the new Reconstruction party, led as it was by a Conservative ex-Minister, Mr. H. H. Stevens, for many of their losses. The Reconstruction party, however, after setting the pace in the early stages of the election, failed to evolve an effective organisation and to hold its original supporters; in consequence, its fortunes—which were not helped by its leader's persistent diatribes against "big business"—steadily waned, and out of the 173 candidates only one was returned—Mr. Stevens himself, who held his old seat in East Kootenay by a minority vote. The Co-operative Commonwealth Federation suffered greatly from the competition of the Reconstructionists and the Social Crediters for the radical vote. The 6 gains that it made in British Columbia and Saskatchewan did not compensate for the loss of its 9 seats in Alberta, which were mopped up by the Social Crediters.

There is a certain comic irony in the fate of the Alberta contingent of the C.C.F.; some of them were the pioneer missionaries of the Social Credit gospel in Canada, but when, being orthodox disciples of Major Douglas, they assailed Mr. Aberhart's plan as fallacious and campaigned against him in the recent provincial election they were sentenced to extinction by the latter's cohorts, and the House of Commons thereby loses a group of very intelligent and useful members. The élan of victory, generated by their amazing triumph in the provincial election last August, helped the Social Credit party to make a very satisfactory début in the federal arena. It carried all the 17 seats in Alberta, save West Calgary, which Mr. Bennett easily held, and West Edmonton, which fell to a Liberal; and it made two gains in Saskatchewan, into which the infection of Social Credit doctrines has been spreading rapidly.

So the net result is that the incoming Liberal Government will have a clear majority of more than 100 in the new House of Commons. The Parliamentary situation will

not be healthy, as the Government's majority may well prove too unwieldy, and the Opposition, split as it will be into groups of almost irreconcilable views, will be abnormally weak and will contain few figures of the first rank. Out of 17 Conservative Ministers only 6 survived the débâcle. One great loss to Parliament, which is generally deplored, comes from the defeat of the veteran Mr. Henri Bourassa, who ran as an Independent, by an obscure Liberal lawyer; Mr. Bourassa's views had mellowed with advancing years, and he was not only one of the most attractive speakers in Parliament but also its foremost authority on international problems.

One thing has been made plain by the election, namely, that there is not in Canada an adequate political basis for the permanent support of a high protectionist policy. Arrayed against it by their interests are the farmers, the lumbermen, the mining communities, the great majority of other primary producers and the importers, a combination that can command a decisive voting majority at any time. Again, in 1930 Mr. Bennett had solemnly pledged himself to end unemployment or perish in the attempt, and election day found still about a million and a quarter Canadians receiving some form or other of public relief. His wheat policy, which he hoped would win the goodwill of the prairie farmers, failed to overcome their dislike of high tariffs, while it alienated the grain trade. He himself, fighting a difficult rearguard action almost singlehanded, performed prodigies of oratorical valour, but in times like these a well-groomed prosperous-looking millionaire, who has an autocratic habit of speech, is not a good vote-getter.

Furthermore, the delicate international situation in Europe, with its apparent threat of war, proved fatal to Conservative hopes in Quebec, where there still survive bitter recollections of the baneful conscription controversy of 1917. While reputable politicians like Mr. Lapointe did not try to exploit French-Canadian suspicions of the

imperialist proclivities of the Conservative party, the Tapers and Tadpoles of Liberalism had no such scruples; against subtle and discreditable propaganda, disseminated largely by pamphlets, to the effect that, if the Conservatives won, the blood of young French-Canadians would assuredly stain the waters of the Mediterranean, Mr. Bennett's vigorous assurances that his party's victory would mean nothing of the sort were of no avail. Consequently French-Canada now reveals something like a revival of its old racial solidarity on the Liberal side; for the 75 odd seats, in which the French-Canadian vote, if not a clear majority, is the controlling factor, all returned Liberals save one, a county in Quebec which Sir George Perley held solely through his personal popularity. The fact that the Opposition benches will not contain a single French-Canadian member may have important political consequences in the future.

The "New Deal" programme, launched by Mr. Bennett with such vigorous fervour in a series of broadcasts last January, proved to have little electioneering value; it frightened old-fashioned Tories and infuriated a staunch Conservative paper like the Montreal *Gazette*, which, after steadily turning cold douches of criticism upon Mr. Bennett, wound up its editorial observations on the election by giving oblique counsel to its readers to make sure of a Liberal majority. On the other hand, when the legislation based on the "New Deal" programme had been whittled down to soothe the alarms of business interests and the susceptibilities of dissentient Tories, it was derided by the Labour and radical elements as trivial and inadequate. Now there are more of the latter to-day in Canada than at any time in her history, and normally one would have expected them to rally to one of the three parties with Left-leaning programmes. But the main body of the electors were evidently so determined to compass the doom of the Bennett Government that they were afraid of splitting the anti-government vote, so they

concentrated behind the Liberal party as the most effective immediate instrument of protest and punishment. Moreover, the fear of a stalemate, which would leave the radical groups with a balance of power, and usher in an era of parliamentary log-rolling and political uncertainty, highly detrimental to business, undoubtedly impelled not a few business men of the Conservative faith to accept the advice of the Montreal *Gazette* and vote for Liberal candidates. It remains to be seen, however, how far the courses of the Liberals will differ from the policies of the Conservatives, which they so vehemently condemned. It might be counted an ominous portent that Mr. E. J. Young of Saskatchewan, the one Liberal member of the last Parliament who was an avowed free-trader, lost his seat, when his party was winning in every direction.

The new Cabinet was sworn in on October 23. It will consist of only sixteen members, instead of the twenty-one of the previous Administration. The reduction, which is in part a measure of economy, and in part a reflection of change in the importance of some departments, has been secured by abolishing the portfolio of solicitor-general, by combining the departments of mines, immigration and colonisation, interior and Indian affairs under one Minister, and by similarly combining the department of marine with that of railways and canals. Mr. Mackenzie King had ample material for his Cabinet, and has brought together a strong group. Mr. Dunning and Mr. Crerar of Winnipeg have returned to public life, as Minister of Finance and Minister for Mines, Immigration and the rest. Mr. Lapointe has accepted his old portfolio of Justice. Among the new members are Professor Norman Rogers of Queen's University (Minister of Labour), and Mr. C. D. Howe, an engineer, who becomes Minister for Railways, Canals and Marine. It is interesting to note that the average age of the Cabinet members is fifty-two, which is comparatively young for Canada.

Unemployment and finance are the two questions that

cause most worry to the new Ministry. In their campaign the Liberals arraigned the Bennett Ministry for culpable mismanagement of the unemployment situation, and committed themselves to a new plan of handling it through a National Unemployment Commission, on which different interests will be represented. They have also promised an enlargement of the programme of public works, started by the late Government for the absorption of the unemployed, but money will be required for this and the federal revenue situation is not encouraging. For the first half of the current fiscal year the revenues show an increment of roughly $10 million, but expenditures have mounted by $5 million more; as there is no prospect of any serious curtailment of the Canadian National Railways' deficit, the aggregate national deficit for the year is likely to be again serious. The Liberals maintain that their tariff reductions will expand the customs revenues, but meanwhile the financial embarrassments of the western provinces and Ontario are growing more acute, and Mr. King will find it more difficult than did Mr. Bennett to moderate the demands of Liberal Ministries for financial succour. Indeed competent financial authorities apprehend that only a quick and remarkable recovery of prosperity can avert a crisis in public finance. Mr. King evidently has some foreboding of this; for his first act has been to call a conference of the provincial governments at Ottawa early in November for the discussion of finance, unemployment and correlated problems.

Mr. King was careful during his campaign not to burden himself with an excessive load of commitments, but his Government is definitely pledged to lower tariff duties, to countenance no plan for a railway merger that would lead to a transportation monopoly, and to bring the Bank of Canada under government ownership and control. About tariff policy many Liberal candidates in the East sang quite different strains from their brethren in the West. The western Liberals have always been fervent advocates of

very low tariffs, but since their spokesmen in the House of Commons number only 32, or less than one-fifth of the total Liberal strength, their influence will be proportionately less than in some recent Parliaments, when they formed almost one-third of the Liberal group. Moreover, in the East numerous Liberal members have been returned for industrial centres, which will not lightly forgo the tariff protection now accorded them. When the new Ministry comes to frame its tariff policy it may thus be confronted with a complicated problem of party management. But it may seek a way of escape from such complications by adopting a new technique for dealing with the tariff and fulfilling its pledges of tariff reduction.

Mr. King has pledged himself to revise the Ottawa agreements, to negotiate a comprehensive reciprocity agreement with the United States, to restore trade relations with Japan to a "mutually beneficial basis", and to make overtures to other countries for new commercial pacts. It would obviously be much more difficult for Liberal protectionists to raise an outcry if Parliament were asked to authorise downward tariff changes for the purpose of implementing a trade treaty whose terms offered clear reciprocal advantages, than if the reductions were made without any compensation. But, if this method of tariff-making were adopted, the Liberals could not leave out of their calculations the existing Conservative majority, two to one, in the Senate, which is led by Senator Meighen, one of the most experienced and resourceful politicians in Canada. Very shrewdly he abstained from any participation in the recent campaign, on the ground that since the Senate was assigned the rôle of an impartial revising body its leader should refrain from partisan political warfare. He has thus left himself in a very strong position for dealing on its merits with legislation sponsored by a Liberal Government; a clash between the Senate and the Commons over such measures as a Bill for nationalising the Bank of Canada may be one of the enlivening features of the new Parliament.

The Liberal victory is on the surface very impressive, but it will require vigorous and progressive leadership on the part of Mr. King to prevent the Right wing of his party, whose core will be the French-Canadian contingent, from obtaining a dominating position in its councils, with disastrous results for its ultimate future. Indeed, if the Conservative party, which has been reduced to the sorriest plight in its long history and is even more feebly represented in eight out of the nine provincial legislatures than at Ottawa, is unable to rebuild its strength within a reasonable time, the Liberals may gradually drift into justifying Mr. Bennett's accusation that they are the reactionary party of Canada. In the new Parliament the forces of the Left, consisting of the Social Crediters, the C.C.F. and Mr. Stevens, will have a total strength of 27, which is almost double their number in the last Parliament. Unless prosperity returns and the Liberal Government follows a very progressive path, they are liable to win recruits rapidly to their side and become more dangerous opponents of Liberalism at the next election than the Conservative party.

Canada,
October, 1935.

AUSTRALIA AND THE LEAGUE

IN domestic politics the last three months have been relatively uneventful: a period of beginnings, not yet ripe for full interpretation. One by one the Commonwealth Ministers are returning from the Jubilee celebrations in London—" the Jubilee tourists", as the Opposition dubs them. Not much is known in detail of the discussions in London, either on foreign policy or on meat marketing. Ministers have made a good deal, however, of the temporary security they have obtained for meat exports, and this has naturally provoked enquiry concerning the promises that Australia had to make in return. The Prime Minister has hinted both at further tariff reductions to implement the " reasonable competition " clauses of the Ottawa agreement, and also at an early resumption of migration. With unemployment in Australia still high, and more or less drastic measures of rural rehabilitation under discussion, a resumption of government-controlled or assisted migration would seem to be rather a desperate expedient, and protectionists are already alarmed at any prospect of further tariff reductions. Export prices, however, have substantially improved, and the outlook is more favourable than it has been for some time.

During the quarter under review, interest has centred mainly on external affairs. The attempt to avert the Italo-Abyssinian conflict by applying the principles of the League of Nations has brought home to the Australian people much more clearly than ever before the nature of the League system, and the fact that they have a place in it. The absence, in Australia, of political discussion on external affairs has often been the subject of remark, and it is not

surprising that the country as a whole has hitherto been scarcely aware of the obligations of League membership, or even of the fact that Australia is at the moment a member of the League Council. The general preoccupation of the League with European affairs, the ineffectiveness of the Geneva discussions in the Sino-Japanese dispute, and the breakdown of the Disarmament Conference have chilled an interest in the League that was never very warm or thorough. During the last two or three months, however, the firm stand taken by the British Government in the Abyssinian dispute has been the subject of almost continuous comment in the press.

The Commonwealth Attorney-General (Mr. Menzies) was asked at the Royal Institute of International Affairs (Chatham House) in July "whether there was in Australia any active readiness to participate in engagements of a kind like the Treaty of Locarno, it being made perfectly clear that what the Dominions were being asked to do was not to participate in a war, but to undertake to be non-neutral. Whether they came in and actually took part in hostilities was a further question for them to decide for themselves." The published report of the discussion does not record any express answer to this question, save as may be implied in the Minister's statement that there is no "active and informed opinion" in Australia on foreign affairs. That answer, however, cuts both ways. Australia has, in fact, regarded such British commitments as those of Locarno with indifference rather than with positive hostility. Since the war there has been a certain amount of definitely isolationist feeling, and Australia has not felt closely involved in European problems. But the country has realised all along its dependence on British support, and in any critical time a strong majority will await, and follow, the British lead. While perhaps unwilling to make any express commitments in advance, Australia would "participate", in the sense indicated above.

In view of the present state of affairs in the Pacific there

would certainly be strong opposition, in Labour circles especially, to the actual despatch of Australian troops overseas. As recent events have shown, there would even be some demand for a declaration of neutrality by Australia, but we do not think that those who are making this suggestion in connection with the Italo-Abyssinian dispute are using the phrase in its technical sense. They probably do not realise that an actual declaration of neutrality in a war in which Great Britain was involved would involve the disruption of the imperial tie. We do not think there would be the least real desire in Australia to remain technically neutral in a war in which Great Britain was involved as a result of commitments such as those of the Locarno Treaty or of the League Covenant. The discussions between British and Dominion Ministers during the Jubilee celebrations appear to have disclosed a greater measure of understanding, by Australia at any rate, of Great Britain's relation to the European situation. So far as Australia is concerned, the British Government should not feel any hesitation in making such commitments for the United Kingdom as may seem necessary to preserve the League system and to maintain peace in Europe.

In the Italo-Abyssinian dispute, the declared intention of the British Government to discharge its obligations under the League Covenant has raised in an acute form the question of Australian participation in European commitments. The press cables have been fuller than usual, and the public has realised the wider issues raised, for the League, for Europe, for the Empire, and for Africa, by the Italian ambitions. Hence Australian opinion very generally and cordially supported the British Government's endeavours to secure a settlement without resort to war by Italy. As the dispute went on, it appeared increasingly likely that loyalty to the Covenant would involve the British Government—should agreement with France be forthcoming—in a decision to apply sanctions against

Italy. On this issue, the Australian press took generally a very detached view, natural enough perhaps in a community untrained to make such decisions for itself. The possibility of war was quite generally realised. Indeed, people accepted rather uncritically the common assertion that to impose the economic penalties provided in the Covenant would inevitably cause a world war. But the decision involved was treated as a matter quite external to Australia. During August, newspapers of all shades of opinion expressed satisfaction at the firm stand that Great Britain was taking. Repeatedly it was emphasised (perhaps with some exaggeration) that unless the principles of collective security were now asserted there must be a speedy relapse into pre-war conditions. It was urged that to give reality to the Covenant now was the only course consistent with British self-respect. The League has never had a better " press " in Australia.

On the very eve of the Council meeting in September, however, sections of Australian opinion appeared to become aware for the first time that Australia herself would be facing at Geneva the issues of peace or war. Protests began to come from the Labour movement. Mr. Lang's journal, the *Labour Daily*, had been urging every few days during July and August the importance of deciding at once to employ sanctions if necessary, and of informing the world accordingly, in order to make the League system of collective security effective. Now it swung suddenly and vehemently in the opposite direction and called on the Labour movement to declare its determination to keep Australia at all costs out of another war. A rally summoned by Mr. Lang for September 4, the night of the League Council meeting, unanimously expressed its unflinching determination not to allow Australia to become involved in a second world war, developing out of the conflict of imperial trading interests resulting from the rapacious ambitions of Mussolini in Abyssinia, notwithstanding any decision recorded by the League Council. It called upon

the Commonwealth Parliament to declare formally the neutrality of Australia, and to take all necessary steps to preserve such neutrality, even to the extent of recalling Mr. Bruce from the League of Nations Council if the decision of that body involved war.

When the Commonwealth Parliament met towards the end of September the Labour view was more fully defined. Both sections of the party agreed in opposing any participation whatever by Australia in any war that might arise out of the Italo-Abyssinian dispute. Mr. Forde (Federal party) did not actually declare against economic sanctions. Mr. Beasley ("Lang" party) went further. He declared that sanctions were impossible without war, demanded a declaration of Australia's neutrality, and declared that he would not support the application of any sanctions. In the Labour party organisations outside Parliament there has been a great deal of discussion, and some division of opinion, on the sanctions issue. There has been a strong desire to oppose fascist imperialism, but isolationist sentiment has in most cases proved the stronger. This Labour attitude is determined by deep anxiety to prevent the Government from committing Australia to measures that may involve participation by Australians in an overseas war. Yet, notwithstanding the cautious declarations made by their leaders, there is among the adherents of the Federal Labour party a strong if not very articulate body ready to give full support to the League.

The Prime Minister made a carefully guarded statement reviewing the course of the dispute and setting out the Government's policy. Mr. Lyons confined himself to general principles. He remarked that his Government was convinced that the upholding of the principles of collective security embodied in the League of Nations is essential to the world's peace. But he went on to point out that no resort to war in violation of the Covenant had yet occurred, and declined to announce in advance "the course of action to be followed by the Commonwealth

Government in contingencies the nature and circumstances of which cannot at present be foreseen". On the day of writing, news has come of the Council's resolution naming Italy as the aggressor. We know that Mr. Bruce gave Australia's vote in support of that resolution. Shortly before Parliament met it had been stated in the press that the Cabinet had instructed Mr. Bruce to oppose at Geneva any application of sanctions, but the Prime Minister promptly described this statement as "unauthorised and misleading". The Commonwealth Government's position therefore has not been at all clearly defined. From what has occurred, however, it seems obvious that the general assurance of support for the present British Government's policy to preserve peace, that Mr. Lyons gave in London, has covered the present situation. The Government has no tradition in Australia of taking the people very much into its confidence in matters of foreign policy, and this is proving no exception to the rule. The general drift of Australian policy is, however, quite sufficiently clear. The Government is content to follow the British lead, and we think there are ample indications that in this the country is behind it.

Australia,
October, 1935.

SOUTH AFRICA

I. South Africa and the League

OF all the Dominions, South Africa is the one most closely affected by the Abyssinian crisis, and public opinion in this country has not been slow to realise that the problems of its external relations, which a year ago could be regarded as material for academic discussion and party polemics, are now, as a result of Italian policy in north-eastern Africa, being submitted to a decisive practical test. The conflict in Abyssinia, remote though it be geographically, brings the Union to the necessity of determining her attitude towards her international responsibilities as an independent member of the League, and of estimating the effects upon her own situation in Africa of an upheaval in the northern part of the continent.

It is realised that an attack by a European Power, whose aims are avowedly imperialistic, upon the last survival of African independence is an event whose racial repercussions will rumble all round Africa, rendering more difficult than ever the task of all white governments in this continent. The act of aggression once committed, its results, whether victory or defeat, may well impair the basis of white government in Africa. For the rule of white over black, whether based on repression or on the principle of trusteeship, depends for its efficacy upon respect either for the white man's honour or for the white man's power. Italian aggression in Abyssinia, even if victorious, tends to sap what respect exists for the white man's honour: Italian defeat must impair the belief of the native mind in his invincibility. Neither result makes any easier the tasks that face white governments in Africa.

In this respect the Union cannot regard with unconcern the present events in northern Africa; indeed one of the notable features in the development of public opinion in the Union in recent months is a growing sense that the problem of the relations between black and white in South Africa is only part of a problem that covers a whole continent, a problem in whose handling South Africa should feel herself called to play a leading part.

A realisation of this responsibility appears in the speech broadcast from Geneva by Mr. Te Water, the Union High Commissioner in London. In this speech, which attracted considerable attention as the first declaration by an official delegate of a League member that his country would pursue its obligations to the full limit even of sanctions, Mr. Te Water said:

> In our view, the consideration of the occupation of African territory, now or in the future, can and must alone be undertaken under the guidance and blanket of the League of Nations. To seize African territory by force, to arm the black races of Africa for European wars, which would be the result of such seizure, are violations of such fundamental principles of the League system as would disrupt and destroy it immediately, were the member nations of the League to permit it. Africa will then be at the mercy of uncontrolled events.

General Smuts too added his warning that, if the League went to pieces now, the "law of the jungle" would be back among us. Such a phrase is a timely reminder that Africa lives even nearer than Europe to the jungle, and that white civilisation can maintain and strengthen its precarious foothold in Africa only by collective action and a sense of collective responsibility.

There is another consideration also that impels South Africa to an active support of League principles. War in the neighbourhood of the Suez Canal, with the possibility of its extension to the Mediterranean, imperils or at the least impedes the communications of Europe with the East. Moreover, as Sir Malcolm Hailey recently observed in an interview at Bloemfontein, modern

developments in methods of warfare and aerial attack tend to make "bottle-necks" such as the Suez Canal more vulnerable than ever as links in a vital chain of communications. As a result, the Cape may find that it has assumed once more the strategic importance that belonged to it a century ago as a key point on the route from west to east. Such a geographical situation, combined with the possession of the Rand goldfields, gives cause enough for a small nation to hold closely to old friendships and give unswerving support to the new security promised by the collective system.

With such considerations before it, public opinion in the country has shown itself fully prepared to back the policy enunciated by its representative at Geneva. Here, as elsewhere, Italy's method of pursuing her aims meets with general condemnation, and press and public, with little dissent, uphold the vital necessity to South Africa of preserving the League and its guarantees of collective security. This unanimity, however, does not extend to the discussion of the Union's relations with Great Britain, or of the situation that would arise if some cause such as the application of sanctions were to widen the scope of the war and involve Great Britain. On this question, discussion follows the ordinary party lines. The leading spokesmen of the Fusion party (and there is no doubt that this party represents the great mass of moderate white opinion throughout the country) maintain, in short, that whilst South Africa has full right to decide her own course in international affairs, it is futile to disown co-operation with Great Britain when the latter's policy follows precisely the same course as her own. If this course leads in the direction of war, then, as Mr. Pirow, Minister of Defence, has emphasised, the final steps to war must be taken by the South African people of their own volition and not as an inevitable consequence of association with Great Britain. Meanwhile, as times grow more and more critical, it is essential, as both General

Hertzog and General Smuts have observed in recent speeches, to cling as firmly as we can to the friends we have. Speaking at Oudtshoorn, General Hertzog warned his hearers that we were at the beginning of

> a long and—if we must judge from what has gone before—one of the bloodiest and cruellest periods the world has ever known . . . yet we hear from the Opposition that we should cast off the friends we have and regard Great Britain as our enemy, as if we are not going to have enough enemies. And we must do that to a country which has handed to us our freedom to use as we think fit!

And at Stellenbosch General Smuts put the same view with no less force:

> If ever an argument was wanted for South Africa's keeping to her old friendships, it is supplied by the situation of the world to-day. No country in the world presents a more inviting prize than South Africa with her superabundance of gold. Here you have a small country sitting with all these assets, and you can imagine what a Naboth's vineyard we must be to the world if we did not have friends in the hour of danger.

For the Union, war or neutrality depends on her obligations as a member of the League, not on her membership of the British Commonwealth; but a nation in a highly important strategic position, with great assets and an immense seaboard, with a small population and no fleet, can in practice find no success in war nor safety in neutrality unless it maintains the most cordial co-operation with the one Power that is able and willing to supply its deficiencies for nothing.

The only serious dissent from this view of our situation comes from the "purified" Nationalist opposition. This party finds itself sitting on the horns of two dilemmas. It is most gratifying to be able, as an independent member State of the League, to take a strong and striking line at Geneva: it is equally mortifying to discover that one is rowing in the same boat as Great Britain and rendering oneself open to the suspicion of deliberate co-operation. Again, if the British connection is to be altogether

disowned, the existence of the League and the protection it affords become thereby doubly important for South Africa. If, however, support of the League involves the application of sanctions and sanctions involve war, what becomes of the oft-repeated doctrine (the very essence of "purified" Nationalism) that at all costs the Union must keep out of war and other people's quarrels? In face of these dilemmas the only course the Opposition can take is to abuse the British connection and represent the League and its policy as instruments of British imperialism. Preoccupied with British machinations, Dr. Malan can spare little time to condemn Italian imperialism, and indeed is sufficiently sympathetic to Italian and German colonial aspirations to suggest the necessity for an all-round redistribution of colonial territories, provided always that South-West Africa is regarded as a "special case".

These sentiments have their appeal for a definite but limited section of the population whose political conceptions cannot disentangle themselves from the bitter memories of the past. But there is no doubt that, now that our independent status in world affairs is being brought down from the realm of rhetoric and tested in practice, the great majority of South Africans stand behind their Government in its support of the League and in pursuing, in close co-operation with Great Britain, a policy that is identical and interests that are common.

II. The Indian Question

THE last issue of The Round Table in which a full-length article on the Indian question in South Africa appeared was that of June, 1927,* and although briefer references have since been made to that question † so much has happened in the interval that a review of the situation seems to be desirable.

* See The Round Table, No. 67, June 1927, p. 627.
† See The Round Table, Nos. 79, 80, 86, 87.

In the article referred to the main points of the Cape Town Agreement of 1927 were discussed. This Agreement was reached at a round table conference between representatives of the Governments of India and of South Africa. No formal treaty was signed; the Union Government did not even ask Parliament for its approval; identical statements were simply made in the Union House of Assembly and the Indian Legislative Assembly. The essence of the Agreement may be stated in two words: repatriation and upliftment—the sending back to India of such members of the South African Indian community as were willing to go for a consideration, in the hope that the problem might thus be reduced to manageable proportions, and the promise to help those who remained behind to become a useful and permanent part of the population of the country.

It was frankly admitted on both sides that this arrangement was an experiment, a new and untried way of settling one of South Africa's most difficult problems of colour. Now, nearly nine years later, opinion among Europeans and Indians alike is still divided on the success or failure of the scheme. There are those in both sections of the community who maintain that the position of the Indian has improved immensely; there are others who declare that it is as bad as ever, if not worse. Wherever the truth may lie, it must be said that the Indian is still very much on the defensive in South Africa, as he has been since the beginning of the present century, and it is not without significance that Kunwar Sir Maharaj Singh, when about to relinquish his office as Agent of the Government of India in South Africa in January of this year, thought fit to warn an audience in Durban that the Government of India might find it necessary to withdraw the Agency if the position became much more strained, for instance by the enactment of further anti-Asiatic legislation.

Probably, in a country such as South Africa, where colour prejudice is strong, the Indian will always be unpopular. There are in existence certain pieces of legislation

—governmental, provincial and municipal—which hamper him and which he bitterly resents; but signs are not lacking that responsible thought is coming to accept the Indian community as part of the permanent population of the country, and is reacting towards it accordingly. The present Fusion Government has shown more practical sympathy than has any previous Government. It has repeatedly declared that no further anti-Asiatic legislation is contemplated for the time being. It is improbable that Indians will be much further troubled by emigration and colonisation proposals. Indian education is being much more liberally financed and is making good progress. An Indian has, for the first time, been invited to join a government commission of enquiry.

The more liberal treatment that the Indian is experiencing is largely due to the disappearance, from the mind of the average European in the Union, of the fear of being swamped by an excess of Indians, especially in Natal—a disappearance brought about by the Union's adoption of the closed-door policy in 1914 and the various schemes of repatriation that have since been tried. In Natal the percentage of Asiatic to total European and Asiatic population has dropped from 57·49 in 1911 to 46·9 in 1934, while the percentage of Asiatic to total population of the Union (European, Asiatic and native) has decreased from 2·5 in 1911 to 2·3 in 1934. A further decrease is expected to be revealed by the 1936 census.

The problems that are exercising the minds of Indian leaders to-day may be grouped under three headings: assisted emigration, licensing grievances and the Transvaal Asiatic Land Tenure (Amendment) Act.

Assisted Emigration.

The principle of repatriation was first embodied in the Indian Relief Act of 1914. By means of free passages and bonuses the Union Government secured the removal of

34,250 adults and children by the end of July, 1927. Then, the assisted emigration scheme embodied in the Cape Town Agreement came into operation, offering larger bonuses and other inducements to those who would leave the country. Satisfactorily though the new scheme worked at first, it had already become obvious by the end of 1930 that emigration had lost any attraction it had ever had. A second round table conference was therefore held from January 12 to February 4, 1932, between representatives of the Governments of the Union and India, and on April 5 Dr. D. F. Malan, then Minister of the Interior, announced in the House of Assembly that both parties recognised that the possibilities of the scheme of assisted emigration were practically exhausted and that "the Government of India would co-operate in a scheme for settling Indians in countries other than India". No other modification of the 1927 Agreement was, for the time being, considered necessary. The joint governmental enquiry thus contemplated has not yet taken place.

In March, 1933, Mr. J. H. Hofmeyr became Minister of the Interior in the Fusion Government and, with the concurrence of the Government of India, appointed a preliminary and local committee to investigate the possibility of colonisation. The committee was presided over by Mr. James Young, formerly Chief Magistrate of Johannesburg, and contained Mr. S. R. Naidoo, an Indian nominated by the South African Indian Congress. It reported a year later to the effect that "British Borneo, British New Guinea and British Guiana were countries in which further investigation as to the successful operation of a colonisation scheme might advantageously be made".*
The report had a chilly reception from the press in India and the Union, and although there is reason to believe that the Governments of the two countries have had it under consideration nothing more has so far been heard of it.

* *Report of the Indian Colonisation Enquiry Committee*, Union Government 23 of 1934.

Licensing Grievances.

On this topic the Cape Town Agreement of 1927 contained the following clause:

When the time for the revision of the existing trade licensing law arrives, the Union Government will give all due consideration to the suggestions made by the Government of India Delegation that the discretionary powers of local authorities might be reasonably limited in the following ways:—(1) the grounds on which a licence may be refused should be laid down by statute; (2) the reasons for which a licence is refused should be recorded; (3) there should be a right of appeal in cases of first applications and transfers, as well as in cases of renewals, to the Courts or to some other impartial tribunal.

That was in 1927; but the time for revision has apparently not yet arrived. The Government still throws on the various provincial authorities the responsibility for making suggestions regarding the revision of the licensing laws, a step the provincial authorities are not likely to take unless pressure is brought to bear upon them.

In the Transvaal, where the main trouble under this head arises, trading licences are issued by the Union Government Receiver of Revenue; but before an applicant can obtain a licence a "certificate of fitness", signed by the local authority—town or village council—or by a rural licensing board, must be produced. Section 6 of the Transvaal General Dealers (Control) Ordinance of 1926 specifies the grounds on which a local authority may refuse a certificate. These are unsuitability of the premises, of the locality, or of the applicant. Further, the Indian is forbidden by law to live or trade in certain areas, namely, all lands proclaimed under Act 35 of 1908 as public gold diggings. These restrictions, it must be emphasised, have never been enforced, and by Act 37 of 1919 Asiatics who were trading on restricted lands, and their lawful successors in title, were protected, provided they continued to trade in the same township. Even after 1919 licences were still issued to Asiatics by local authorities without regard to the law as it stood.

Matters were brought to a head in 1928 when the North-Eastern Districts Association applied for an order requiring the Norwood Land and Investment Company Ltd. (owned and managed by Indians) to cease occupying a "lot" in the private township of Norwood, Johannesburg. For the defendant company it was argued that the Indians concerned were not "occupying" the lot but were in fact "servants" of the company. One of the conditions of title under which the "lots" in the township were held stated that "no coloured people other than servants will be allowed to occupy the property transferred hereunder . . ." The Court passed the order sought by the plaintiff Association, it being held that the Indians were "occupying" the "lot". The defendants lost on appeal and the success of the plaintiffs in this case was probably responsible for the action of the Johannesburg Municipality, in 1928, in considering the possibility of bringing the hitherto unenforced laws into operation by refusing certificates of fitness where a "coloured" person applied for a licence to trade on a stand situated on proclaimed land. The earlier applications for licences in 1929 were granted, but from the middle of January 1929 onwards all remaining applications were held over, the applicants being allowed to trade without having any action taken against them.

Later in 1929 came the case of the Town Council of Springs *versus* Moosa and Sidat. Plaintiffs had attempted to evict defendants from land that they occupied in the town, claiming that it was situated in a proclaimed area. Judgment was given in favour of defendants on the ground that, since Springs already existed as a town when the ground on which it stands was proclaimed, the law of 1908 could not be held to apply to it. Then, Turf Stores, Ltd., an Indian concern, appealed to the Supreme Court against the refusal of the City Council of Johannesburg to issue a certificate of fitness under section 6 of the 1926 Ordinance. The appellants were successful, the Court holding that the Council had not gone into the merits of the case and that

there were no grounds on which a reasonable man could have deduced from the evidence that either the locality or the premises or the applicant was unsuitable. The judges expressed the opinion that the real reason for discrimination was class discrimination.

So matters stood, when, on February 3, 1930, the Minister of the Interior moved in the House of Assembly for the appointment of a Select Committee to enquire into the whole matter of licences. Evidence was taken from Transvaal local bodies, government officials and representatives of the Indian community, and the report of the Committee was issued in May, 1930.* It was unanimous. After describing the extent of the problem of illegal occupation and the failure to enforce the restrictions recommended by a Select Committee in 1919,† the report remarked that "laxity on the part of the authorities cannot constitute a valid excuse for breaking the law". It was suggested that a period of five years from May 1, 1930, should be allowed within which illegal businesses would have to be disposed of. Local authorities were to set aside areas in which the Asiatics affected might reside or trade. In regard to the future granting of licences it was recommended that local authorities should be given power to refuse certificates of fitness in cases where the applicant could not prove that he was entitled to occupy the premises in which his business was to be conducted, and, in connection with the ownership of land by Asiatics, it was noted that "there can be no doubt that the legislature intended definitely that Asiatics shall not own fixed property in the Transvaal outside reserved areas, either collectively or individually and either directly or indirectly".

The Transvaal Asiatic Land Tenure (Amendment) Act.

On the basis of this report, the Select Committee drafted a Transvaal Asiatic Land Tenure (Amendment) Bill. There

* *Report of Select Committee on Asiatics in the Transvaal*, Select Committee 7 of 1930.

† See THE ROUND TABLE, No. 38, March 1920, p. 453.

was no mention, however, of compulsory segregation or of legislative interference on behalf of European standholders in private townships: in connection with licences, the appeal to the Supreme Court was retained: no retrospective action was to be taken against individuals or companies who had acquired land within the provisions of the law as it stood before 1930: areas were to be set aside in which the Asiatic might openly buy land.

Nevertheless, there were provisions in the Bill that caused the greatest concern amongst Transvaal Indians, who held that they aimed at segregation. Its second reading was fixed for May 21, 1930, but, on the representation of the Agent, it was postponed until the following session. Then, in May 1931, the Minister announced that consideration of the Bill had been postponed until it could be considered by a joint South African–Indian conference. As we have already noted, this conference was held at Cape Town in January, 1932; but the Union Government, holding that land tenure was a purely domestic concern, refused to allow it to be discussed formally. On the day that Dr. Malan announced the result of the conference to the Assembly, the Bill, as modified during the preceding session, was read for the first time. In due course and with a few further amendments it became law as Act 35 of 1932.

One of these amendments was of first-class importance; for it essayed to deal in a reasonable spirit with the situation as it existed and not as it ought to have existed according to the strict letter of the law. The jungle of difficulties that surrounds the statutory restrictions on the occupation of land in townships in the Transvaal gold-mining areas has sprung up because these restrictions have not been made in a straightforward way in respect of specified areas, but have been tacked on to the Gold Law of 1908. That law is not a logical and consistent whole. In its present form it is the result of a process of gradual development from rather primitive beginnings, and it has been complicated further by elaborate provisions dealing with titles

to "stands" held under earlier gold laws, and with the provisions made, also in 1908, for the conversion of such titles from leasehold to freehold. The Act of 1932, as amended, therefore inserted into the Gold Law a new section (131 A), which indeed made no reference to land that had been converted from leasehold to freehold, but which did provide for the issue of certificates withdrawing land from the operation of those sections prohibiting "residence upon or occupation of land by a coloured person".

This amendment lent a much-needed elasticity to the operation of the law; but it became more than ever necessary to ascertain the precise facts of the situation. Hence on October 4, 1932, a Commission to investigate cases of illegal occupation and residence was appointed under the chairmanship of Mr. Justice Feetham. Its complete report has not yet been issued. Parts I and II—dated July 28, 1934—were released for publication on July 6 of this year; * Part III was published a week or two ago; † Part IV has yet to appear. It is estimated that by the time the Commission has concluded its labours it will have cost the State not less than £30,000, apart from the expense of translating and printing its most comprehensive reports. Part I gives an historical outline of the restrictions imposed by the Gold Law of 1908 on the occupation of proclaimed land by "coloured" persons, and includes a close examination of subsequent amendments to legislation affecting the rights of occupation. Part II, which deals specifically with Johannesburg, contains recommendations concerning the areas that should be exempted from the operation of sections 130 and 131 of the Gold Law—that is, areas on which "coloured" persons may be allowed to reside and trade. Part III also deals with Johannesburg, and includes a valuable and detailed register of coloured persons who are actually in occupation of land that is subject to Gold

* Union Government 7 of 1934.
† Union Government 22 of 1935.

Law prohibitions, together with recommendations concerning the treatment of individual cases. The fourth part will deal with other mining townships in the Transvaal.

The Commission has recommended for exemption in Johannesburg 170 acres, the exemption of which was agreed to by Johannesburg City Council, and a further 60·5 acres, exemption of which was opposed by the Council. It has also demarcated an alternative area of 56 acres, exemption of which was agreed to by the City Council but is not recommended by the Commission. The total extent, therefore, of the areas recommended by the Commission for exemption exceeds by only 4·5 acres the areas that the City Council had already offered to exempt.

It is obvious that the Commission set itself to fulfil its duties under a sympathetic and liberal interpretation of its terms of reference. These enjoined it, when considering its recommendations regarding legal tenure, to take into account the character of the individual, the period of occupation, and the hardships that the strict enforcement of the law would involve. Nevertheless, it has not ignored the weight of public opinion behind what it describes as "the social objection" to contact between European and coloured children, the undesirability of creating a number of "islands" of coloured occupation in the centre of primarily European areas, and the suggestion of the Johannesburg City Council that the main thoroughfares should be, where practicable, kept "white".

The Commission indicates clearly that the imposition in 1908 of restrictions upon the rights and liberties that the Asiatic and coloured communities had hitherto enjoyed, and the subsequent non-enforcement of those restrictions, placed these people in an ambiguous position. "It would," it observes, "be unreasonable and inequitable to regard these Asiatics and coloured persons who are to-day in illegal occupation of premises on land subject to the Gold Law as wrongdoers who are, so to speak, out of court and debarred, by the very facts of their situation, from

making good any claim to exemption from the provisions of the law which they have contravened." In short, its attitude towards the Asiatics is distinctly more favourable than that of the Committee of 1930.

The number of Asiatics and coloured persons affected is not large. The Commission estimated that about 5500 persons are in occupation of proclaimed land, and of these about 1400 are traders. The Transvaal Indian Commercial Association calculated that the Indian percentage of all branches of wholesale trade in Johannesburg is not more than two per cent. It is therefore hard to believe that the position of European traders can ever be seriously menaced, or that the judgment of the Lange Commission of 1919,* which held that the swamping of the Transvaal European population by Indians was inconceivable, is in any need of revision.

These considerations strengthen the Commission's plea that the power of exemption should be exercised liberally, on the following grounds. Many Indian traders have removed from one township to another without being aware of the fact or of the serious consequences that such removal might entail. Again, many who have been in the habit of visiting India have failed to realise that, in order to preserve their rights of occupation under the 1919 Act, they must maintain the continuity of the businesses they had been conducting on May 1, 1919. Further, if traders are confined within too narrow limits, if they cannot follow their market, they will have no inducement to improve their standard of living, and will be exposed to rack-renting, while, unless provision is made for the future requirements of Asiatic and coloured people along the Rand, they will be driven to migrate to other parts of the Transvaal. Finally, the Commission suggests that one means of relieving the strain would be to make it easier for Indian traders to enter other occupations.

It has already been noted that the Asiatic Land Tenure

* See The Round Table, No. 46, March 1922, p. 440.

(Amendment) Act of 1932 was condemned by the South African Indian Congress as a measure that aimed at segregation. Neither the Congress nor the Transvaal Indian Congress submitted memoranda for the consideration of the Commission or gave evidence, their contention being that the only equitable policy for the Government is to compile a register of Asiatics who are in illegal occupation of land and to legalise their occupation; they hold that this legislation would be in accordance with the recommendations of the Select Committee of 1919.

It remains to be seen how much of this claim will be conceded. Meanwhile, a review of the Government's action and a perusal of the first three parts of the Feetham report suggest that the Asiatic and coloured people concerned have little to complain of in the manner in which their claims have been considered. The Act of 1932 laid down May 1, 1935, as the date by which all illegal businesses should have been disposed of; but in view of the inability of the Commission to complete its work before that date the present Minister of the Interior carried a short Bill extending the period of occupation to April 30, 1937. Now, in spite of the boycott of its proceedings by representative Indian bodies, in spite also of the immense difficulty of tracing the history of businesses whose owners claimed protection under Act 37 of 1919, but were unable to produce licence receipts, official counterfoils and so forth, the Commission, with admirable thoroughness, has compiled the necessary register of those who are either in legal or in illegal occupation, and has made recommendations for future action that are marked by sound common sense and, what is perhaps the same thing carried to a higher plane, great humanity.

South Africa,
October 1935.

NEW ZEALAND

THE forthcoming general election in this country is likely to be fought largely on the "prosperity" issue. The Government claims that there has been at least a measure of recovery since the *annus terribilis* (which for New Zealand was 1932), and that its own policy has been one of the factors promoting this recovery. Labour retorts that New Zealand's position is fundamentally no better—or very little better—than it was in 1931–32, and that, even if it is, improvement has come in spite of the Government's policy, not because of it.

I. The Economic Situation

THERE is probably no test that shows a country's level of prosperity with mathematical precision. However, it is agreed that the trend of certain figures gives a valuable indication; in this case they show slackness or even collapse two or three years ago, followed by a steady improvement since 1933. The following table sets out some of the essential facts. The same trends are shown by figures for marriages, wage rates, unemployment, and other social phenomena.

(000,000's omitted.)

	Lowest figure.		*Latest figure available.*	
Total production	1931–2	£83·6	1933–4	£98·8
Farm production	1931–2	£49·2	1933–4	£63·3
Exports	1931–2	£34·7	1934–5	£43·0
Imports	1931–2	£24·7	1934–5	£34·3
Bank debits	1932	£541·7	1934	£676·2
Building permits	1932–3	£2·5	1934–5	£3·6
Wages and salaries paid	1933	£58·9	1935	£65·1
Mortgages registered	1933–4	£8·0	1934–5	£12·0
Share prices (1926 = 1000)	1932	703	1934	957
Export prices (1909–13 = 1000)	1932–3	861	1934–5	1046

In short, things are considerably better than they were in 1931–32, and are still improving. Can the Government claim the credit for what has happened?

As has already been pointed out in THE ROUND TABLE, the Government during 1931 and 1932 evolved a concrete "recovery" plan, which on the whole has been carried out consciously and consistently. The plan is thus conceived. The prices of New Zealand's products fell sharply—but the farmers' costs fell much more slowly than prices. Therefore, if matters were allowed to take their course, the farmers would in the first instance bear the whole brunt of the fall in the national income, and lack of purchasing power among farmers would be reflected in acute depression throughout the community. It followed that farmers' purchasing power must be restored, and the loss in national income spread, by reductions in farmers' costs. Money wages were therefore reduced by 10 to 20 per cent. and rent and interest by 20 per cent.;* but these reductions were not enough to bridge the gap between costs and prices. Therefore the exchange rate on London was raised to 125, which directly increased farmers' money incomes. This depreciation, moreover, had a further advantage in that it tended to stabilise local prices, and was therefore of assistance to those who owed money debts.† Even so, however, many people owed debts which they could not possibly meet in times of depression. Therefore, machinery was provided by which mortgagors could be relieved of part or all of their interest charges, and

* "Real" wages have remained stable; the following are index figures for 1930–34 (1914 = 1000): 1066, 1069, 1062, 1077, 1068. It has been calculated that in 1930 wages made up 25 per cent. of farm expenditure. Rent and interest accounted for 33·3 per cent., and other "financial" charges (such as taxes and insurance) an additional 11·7 per cent.

† The "all groups" index of retail prices stood in 1930 at 56 per cent. above 1914 levels. From this it fell to 33·4 per cent. in 1932 (just before the exchange rate was raised), and it now stands at about 32 per cent.

mortgagees prevented from enforcing their "remedies".* At first this was done in a temporary way, but early in this year long-term arrangements were embodied in the Rural Mortgagors Final Adjustment Act and the Mortgage Corporation Act.† The former provided machinery for adjusting the debts of farmer mortgagors to an economic figure. The latter was designed to stabilise mortgage rates at comparatively low levels. The Mortgage Corporation's shares that were thrown open to public subscription were heavily over-subscribed, and the Corporation has successfully borrowed on debenture at 3¾ per cent. money which it proposes to relend on mortgage at 4⅛ per cent. Meanwhile, government pressure successfully forced down interest rates in general, so that the banks' overdraft rate fell gradually from 7 per cent. to 4½ per cent.

All these steps helped to bridge the gap between farm costs and farm income. Similar policies also helped the Government to solve the problem of public finance. The rate of interest on internal debt was reduced, at an annual saving of nearly £1,000,000, and the salaries of civil servants were heavily "cut". At the same time fresh taxation was imposed and drastic measures were taken to balance the budget. It was not until 1935 that balance could be achieved without calling on reserves; but enough was done to make a considerable impression in London. In July of this year there matured a loan of over £10,000,000 paying 5 per cent. interest. The Government paid off a little over £2,000,000 in cash, and raised a new loan of £8,000,000 at 3 per cent. for 20 years, issued at 98½.‡ The loan was promptly subscribed, and the British press emphasised that New Zealand had won favourable terms by the way in which she had put her financial house in order. The result

* See The Round Table, No. 84, September 1931, p. 922; also *Economic Record*, May 1932.

† See The Round Table, No. 99, June 1935, p. 633.

‡ The Australian conversion loan of July 1935 carried 3 per cent. interest and was issued at par, but was for the term of six years only.

of these efforts is an all-round reduction of internal costs to an extent estimated at 20 per cent.

Up to the present one obstinate nut has refused to crack: that of unemployment. At present there are 59,000 men either unemployed or depending for jobs on Unemployment Board subsidies. On August 3, 1935, there were 14,438 men "in receipt of sustenance without work". The unemployment fund comes from a levy of £1 per year on all men over 20, and from the "emergency" tax levied on all incomes, now (October) at the rate of 8d in the £. However, there are signs of change in unemployment policy. In July of this year Mr. W. Bromley (Deputy Chairman of the Board) made a vigorous attack on the policy of merely maintaining men on relief work in the hope that private enterprise would shortly have need of their services. He said that we might have to face the position that private enterprise could not re-absorb men permanently, and that the Government might be forced itself to build up industries in which men could find permanent work. Again, an inter-departmental committee has been at work for some time on the problem of public works in relation to unemployment. Its object is twofold. First, it seeks to provide a programme of public works that could be undertaken immediately, providing a maximum amount of employment for a given loan expenditure. Secondly, it is preparing a "long-range" plan for some years ahead. The object here is to allow time for necessary preparatory work (such as surveying) so that loan money can be spent in an orderly way at times that fit in with the general programme. In both cases it is hoped to co-ordinate the spending of Unemployment Board funds and loan money.

Mr. Bromley's speech and the committee's enquiry may foreshadow a new approach to the unemployment problem. So far relief has been financed out of the special "wages" or "emergency" tax, to the extent of £14,000,000 since 1931, and the public debt has actually decreased during the

depression.* Perhaps we are to have a long-range policy aiming at absorbing the "employable" unemployed through public works.

II. The Meat Agreement

IF Messrs. Forbes and Coates have not cured unemployment, they have at least given us a meat agreement. This is a triumph about which we are likely to hear a good deal during the next few months; for Mr. Elliot's re-discovery of British agriculture carried with it a very serious threat to New Zealand's economy. This is a point which many New Zealanders (and Australians) feel has been inadequately considered in England and inadequately emphasised by our representatives. The British experiment in agricultural protection is an incident, though an important one, in a complex economy; but to New Zealand it might spell economic ruin. During the year ending June 30, 1935, for example, our exports of frozen beef, lamb, and mutton were worth £11,585,862 out of a total export trade of £42,953,698, and Great Britain is practically our only market for meat. It was, therefore, with dismay that we heard of British plans for quotas and levies. Most alarming of all was the announcement in March of this year that the British Government intended to impose a stiff levy on all imported meat, without "regulated marketing". Such a levy, it was felt, would have to be paid by the New Zealand producer; † and it would be relatively difficult to make up this loss by increasing the volume sold. New Zealand's productive capacity is by no means fully developed, but in the immediate future she could not expand as fast as (for

* New Zealand's policy is in marked contrast with that of Australia, whose public debt has increased during the depression by something like £130,000,000. Australian taxation for relief purposes amounts to £1 7s. 11d per head, as compared with £2 18s. 8d in New Zealand.

† It is estimated that an all-round levy of ½d per lb on meat would cost the New Zealand producer £1,100,000 sterling per year; of this £830,000 would be paid in respect of mutton and lamb.

example) Australia. This fact was illustrated by the recent expansion in Australian production of mutton and lamb. New Zealanders are inclined to feel that while they have adhered strictly to the limitations arising out of the Ottawa agreements, Australia has failed to do so, and has stolen a march on them by increasing her exports. A further injustice arises from the fact that Great Britain's main object was to protect her own beef production. Her plan of doing so, however, involved a levy on *all* meat, which would impose special hardship on New Zealand, whose main interest is in mutton and lamb.

It was, then, with considerable relief that we heard that an agreement had been reached. In effect, New Zealand has obtained until the end of 1935 a beef quota sufficient for her needs (a total of 548,000 cwt), with permission to increase the amount which is chilled instead of being frozen. The agreement on mutton and lamb runs until the end of 1936.* Until that date there is to be no levy, and we are to have a sufficient quota. For 1936 the maximum is to be 3,950,000 cwt, compared with 3,554,000 cwt in 1934, and 3,666,000 cwt in 1935. As to what will happen to the beef trade after the end of 1935, and the mutton and lamb trade after the end of 1936, the position is still a little obscure; for Mr. Coates says he is not at liberty to tell us the full history of the London negotiations on this point. He has, however, stated explicitly that the levy (if any) will be charged on beef alone, and perhaps mainly on chilled beef. Mutton and lamb are to be free of levy, and if Dominion suppliers can agree among themselves about quantities "the present agreement will continue after 1936". At the worst these arrangements are a great improvement on what seemed likely a few months ago.

* A permanent arrangement cannot be made until the British agreement with Argentina expires in November 1936.

III. The Election Arena

THE Government's policy has been attacked from the Right and from the Left, and it is perhaps a sign of improving times that criticism from the Right has become increasingly vociferous. From the first the Wellington *Evening Post* (independent) has attacked the Government's policy from a strongly individualist angle, and there has been no lack of men who (in private) would urge a conservative point of view. For example, it is argued that if farmers had not been protected by moratoria and exchange depreciation, all, or nearly all, would have been bankrupt together; that this very fact would have prevented general foreclosure, and would have compelled creditors to give efficient farmers terms at least as favourable as those secured through government action; and that the present plan, by giving something like all-round protection, puts a premium on inefficiency, and has destroyed the basic principle of the sanctity of contracts. Again, it is complained that the present government has been " more socialist than the socialists ". It may be said, indeed, that depression measures have carried New Zealand yet another stage towards " socialism without doctrines ". It is true that compulsory arbitration has ceased to " restrict " private enterprise; but government regulation of industry has, on the whole, increased, whether exercised directly or through taxation. Taxation has been heavy—£15 18s. 7d per head. The plea has been made, then, that the Government should " lighten the burden on industry " by reducing taxation, and, in general, administer a good stiff dose of *laissez-faire*.

To such criticisms the Government spokesmen retort that *laissez-faire* would have led to social chaos. The sanctity of contracts could have been enforced, if at all, only at the cost of intense and in many cases undeserved suffering. The rights of the creditor are indeed sacred,

but other things may be more sacred still. In the words of Mr. Coates,*

> If through the force of economic events the letter of the contract imposes an intolerable burden on a large mass of the people, if it results in serious injustice to large numbers, if it impedes progress, then the letter of the contract must be varied in the interests of the people as a whole.

Such reasoning was forcible, and it may be doubted whether the critics of the Right, if in power, could themselves have avoided taking drastic action of some kind. Conservative criticism, however, appears to be one of the forces behind the recently organised Democrat party. According to general belief, its mainspring was Mr. W. Goodfellow, a dominant figure in the dairy industry. He was formerly a strong supporter of Mr. Coates, and is now an equally vigorous opponent. Mr. Goodfellow dropped out, however, leaving Mr. A. E. Davy, "Dominion organiser", as the only man who was avowedly one of the party's leaders. Mr. Davy, indeed, is a man of some importance, for he is skilled in the art of modern political propaganda. He organised the campaign that carried Mr. Coates' Reform party to victory in 1925, and also the campaign of 1928 which displaced a Reform by a United party Government; † and it seems that the tactics of 1928 are to be repeated. There has been the same mystery as to both personnel and programme, and one may anticipate the same last minute catch-cries and startling proposals.

The Democrat party was not organised to support any politician whose views were known, or to further any agreed policy. Apparently its supporters were gathered from those who had grievances against the present Government, even though they might have little other basis of agreement. Thus there was chosen a team of prospective parliamentary candidates, presumably on the understanding

* *New Zealand Parliamentary Debates*, Vol. 241, p. 425.

† See The Round Table, No. 74. March 1929, p. 434.

that the candidates, when chosen, would themselves elect a leader and define their policy. These things were done at a conference held in Wellington in August. The leader is Mr. T. C. A. Hislop, a Wellington barrister and solicitor who was educated at Cambridge and is now 47 years of age. His father was the late T. W. Hislop (Minister of Justice and Education 1887–90), but he himself has had no political experience. However, he has been Mayor of Wellington since 1931, and was recently re-elected for his third term of office. He is reputed to be a capable administrator, and a lucid and felicitous speaker.

Speaking in Auckland on October 1, Mr. Hislop outlined the party's policy, the avowed basis of which is to restore the sanctity of private contracts and to check the advance of state socialism. The bureaucratic control of boards and commissions would be relaxed, and the methods of Parliament would be reformed so that it might conduct its business more efficiently, expeditiously and cheaply. The exchange rate would be reduced to its natural level, in a manner approved by the Reserve Bank and the trading banks. In compensation, the farmers would be paid individually an export subsidy, derived from a special fund to which would be transferred the resources made available by the fall in the exchange—savings on debt service and oversea purchases, and gains in customs and other taxes. Farmers would also be spared their "humiliation" under the stay-order provisions of the Rural Mortgagors Final Adjustment Act, whose clauses involving the confiscation of capital would be repealed. A National Development Council would be set up to advise the Government on proposals for the development of national, local and private enterprise, for which purpose power would be taken to borrow up to £8 million, or more if necessary. Support would be given to secondary industries on an economic footing, while the spirit of the Ottawa agreements would be observed. The civil service cuts would be fully restored, the scale of pensions increased,

and a national health insurance scheme inaugurated. At the same time, the unemployment tax would be reduced to 6d in the £, and the annual unemployment levy of £1 abolished, together with the sales tax and the gold export tax; and income tax would be reduced by 10 per cent.

Mr. Hislop has visited the main centres, and professes himself to be delighted with the support he has been promised. He also announces that there will be something like 80 Democrat candidates. Accordingly, we have the prospect of many three-cornered fights, of split votes, and perhaps of a minority Government. On these grounds most of the press denounces the Democrats as "wreckers" who will split the non-Labour vote. In spite of some agitation, the Government has declared against any last-minute adoption of a system of preferential voting; for it fears that such a change would invite destructive criticism from the Labour party.

The "socialism" of Messrs. Forbes and Coates has laid the Government open to chastisement from the Right, but it has proved very awkward to critics from the Left. Labour has been reluctant to commit itself in precise terms to an advanced programme of "socialism in our time", and its own ideas did not in some cases go far beyond the plans actually adopted by the Government. Yet Labour's function as His Majesty's Opposition was to oppose, and much of its case accordingly consists of criticism of the Government's policy. The reliance upon expert commissions and on "semi-state concerns" is denounced as depriving the people's representatives of due control over national affairs, and as furnishing a means whereby Ministers can shirk work and responsibility. The Agriculture (Emergency Powers) Act, the Rural Mortgagors Final Adjustment Act, and the Mortgage Corporation Act together created, it is alleged, a "dictatorship in the primary industries", and will turn farmers into serfs, at least during the five years of "supervision and budgetary control".*

* See THE ROUND TABLE, No. 99, June 1935, p. 641.

The State Advances Office has been swallowed up in the large, unsympathetic and profit-hunting Mortgage Corporation. The raising of the exchange rate created no spending power: it merely redistributed existing resources in an inequitable way, and "robbed the people of New Zealand of 25 per cent. of their accumulated savings". Compulsory arbitration was destroyed in order to produce "flexibility", not even on the pretext that it had failed to prevent strikes. The resulting system* placed the worker at the employer's mercy; in effect he had to agree to the employer's terms or have no award at all. Industrial disputes are not argued out, with evidence, to an equitable conclusion: they are settled by the law of the jungle, which masquerades as "conciliation and arbitration". And so the indictment grows, fortified by instances where administration, as well as law, has demonstrated that the Government's policy has continually favoured the rich man at the expense of the poor.

On the critical side, however, Labour's main attack has long been directed against the fundamental policy of "reducing internal costs"—at least in so far as this was expressed in wage and salary "cuts". As Mr. M. J. Savage (Leader of the Opposition) explains the matter, the country's prosperity depends upon the people's purchasing power; but "the Government of the day has since January 1, 1930, been directly or indirectly responsible for the destruction of purchasing power aggregating £100,000,000". The fruit of this policy, say Labour spokesmen, is to be seen in the unemployment figures, and the remedy is plain: "put money into circulation again". All cuts in wages and salaries should be immediately restored. Pensions and other "social services" should be restored and extended—for example, there should be "a national superannuation system, payable to all citizens, beginning at sixty years of age or on invalidity". Certain public works that had been abandoned should be

* See The Round Table, No. 88, September 1932, p. 913.

resumed (such as the East Coast and South Island Main Trunk railways); for, it is argued, governments should deliberately undertake capital works during periods of depression. Labour complains, therefore, of government extravagance before 1930, and makes it a definite reproach to the Government that it has chosen a time of depression to decrease public debt. Again, Labour would "provide adequate protection for secondary industries which can be economically developed in the Dominion", through "customs tariffs where necessary", pending systematic control of external trade as a whole. This systematic control is also to be used to "guarantee economic prices to farmers and others who are producing in accordance with the Dominion's requirements"; and mortgages are to be readjusted "on the basis of guaranteed prices". Finally, in order to carry through this programme, Labour would

assume control of public credit and establish a national credit authority whose duty it will be to provide a money service sufficient to give effect to the will of Parliament.

Labour's policy has been roughly handled by the press and by economists; however, the most lively controversy has raged round the plan of guaranteed prices for farmers. The usual statement is that Labour would guarantee a price which would enable the average efficient farmer to obtain a reasonable profit from his work. Mr. Walter Nash, M.P., one of Labour's ablest spokesmen, adds that the scheme will work on a basis of regulated marketing, attained by agreements between New Zealand and her customers overseas.

The plan has suffered much destructive criticism. How, for example, does one discover the "average" cost of producing butter-fat? Labour spokesmen say this is a question for careful study and refuse to commit themselves to details. The only concrete suggestion made is that the guaranteed price should be based upon average prices for

the past 8 or 10 years. Even if the guaranteed price were arrived at in this way the scheme would call for huge cash payments by the state. How are these to be financed? Again Labour spokesmen are not agreed, but have put forward at least three distinct suggestions. It might be managed by taxation, or by local credit manipulation, or by virtually increasing the exchange rate to the necessary extent—a suggestion in apparent conflict with Labour's continued opposition to the existing 25 per cent. premium on London exchange.

The difficulties inherent in these suggestions are so obvious that clearly the plan of guaranteed prices has not been sufficiently thought out. At present it is likely to appeal chiefly to those who want a simple scheme to produce immediate prosperity, but who do not wish to think too closely about it. However, among the present conflicting and nebulous proposals there may be detected a suggestion of something quite different, namely, price stabilisation, to be managed, probably, by government purchase and marketing of primary produce. If Labour's suggestions should crystallise into some such scheme, this might put a totally different complexion on the matter.

IV. Markets and Marketing

YET, however the decision may go at the general election, the basis of New Zealand's economy is likely to remain unchanged for an indefinite period. She is an exporting country with only one main market—Great Britain. Therefore her prosperity is bound to depend to a large extent on the prices paid in Great Britain for meat, wool, and dairy produce. This fact necessarily limits what can be done by the New Zealand Government to bring about better times. Wealth already existing in New Zealand can be redistributed, so as to spread profits or losses more equitably; and such a wise redistribution

will undoubtedly tend to stimulate internal prosperity. But no internal manipulation can make New Zealand self-contained within a finite time, or make her prosperous if she cannot sell her exports on reasonably favourable terms.

Government supporters are sometimes so impressed with these facts that they speak as if the New Zealander could do nothing to help his own salvation. The Government's own actions belie this point of view. New Zealand can play her small part in fighting against economic nationalism; and though she still offends in some respects (wheat duties, for instance) she made an important move in the direction of freer trade by revising her tariff downwards in 1934.* Again, something can be done to preserve and extend markets. The meat agreement is a case in point, and so are the recent efforts to find markets in the East. Visiting Japanese have explained that a market may be found if it is vigorously sought after; recently we had with us a Japanese "goodwill" mission, and its visit has been followed by the announcement that the Osaka Shosen Kaisha has arranged for a direct shipping service between New Zealand and Japan. There is, then, some prospect of increased trade with the East, and it is to be hoped that this will not be destroyed by talk about the menace of Japan to these islands' political integrity. However, our main market will still be Great Britain, and there is hope that we may persuade Englishmen to increase their consumption of our goods—particularly if British recovery is maintained. It is realised that we must aim always at improving quality, and at marketing our goods in the most effective and orderly way.

An important step in this direction was taken at the recent (September) Dairy Board's Dominion conference. Mr. H. E. Davis, the Dairy Board's London manager, who was visiting New Zealand for the purpose, placed before the conference some salient points with respect to

* See The Round Table, No. 97, December 1934, p. 199.

marketing in England. He pointed out how the existing system of competition between selling factories led to price fluctuations, how it made more difficult the problem of placing goods on the market in an orderly way instead of in a seasonal rush, and prevented systematic attacks on markets where at present the demand for New Zealand products was slack. He placed before the conference a scheme of co-operative marketing, based on Danish experience, and worked out in consultation with the Executive Commission of Agriculture. In effect, it was suggested that the industry should be organised into seven marketing groups, to control the selling that is at present done by some hundreds of individual factories. The produce of each group should be carefully graded and marked with the group brand. Thus, it is hoped, "healthy rivalry" will grow up between the different groups in place of "fierce inter-factory competition"; increasing emphasis will be placed on quality; and under the supervision of the Dairy Board goods will be placed before the British consumer regularly and in the form that the consumer desires.

This comprehensive plan was promptly adopted by the conference, almost unanimously. Next day the conference also accepted a proposal that the local marketing of butter should be under the Board's control. These two schemes, which will come into force on August 1, 1936, will do much to apply to marketing the principles of co-operation already applied to dairy factory production. On October 7 representatives of the Australian and New Zealand Dairy Boards met in conference in Sydney. It is hoped that the result will be greater co-operation between the two Boards; in particular, it is understood that agreement has been reached to regulate the shipping of dairy products.

V. The Budget

BEFORE Mr. Coates made his budget speech on September 17, it was known that a large part of the surplus of £1,626,498 on the 1934–35 accounts was due to "non-recurring" items—notably the sale of gold taken over with the establishment of the Reserve Bank, and exceptional death duties. However, the imminence of an election, the general buoyancy of the revenue, and the signs of returning prosperity led to confident hopes that important concessions would be made in the forthcoming year. Broadly speaking, concessions could have taken two forms: reduction of taxation, or increased payments by the Government. The first would have strengthened the "private profit" motive throughout the community, and much of its cost would not have fallen on the Government until taxes were collected some months hence. The cost of the second would have to be met at once, but it would stimulate spending immediately, and would remove some of the considerable hardships undergone during the depression. In the main, the Government adopted the second plan, and in so doing conferred direct benefits upon the bulk of those who depend on the Government for their upkeep.* Old age pensions are to be restored in full, and other pensions increased by 7½ per cent. An additional 7½ per cent. restoration is to be made in civil service wages and salaries (the cuts still remaining range from 3½ per cent. to 11½ per cent.). These restorations are, of course, along the lines advocated by the Labour party, and the budget also foreshadows other action that Labour has demanded: namely, national superannuation and health insurance, housing and slum clearance, and public works. Labour critics pointed out, however, that the Government had made itself instrumental in the reduction of wages outside as well as inside its own services, but that it has not taken corresponding action to raise wages generally.

* According to a recent estimate the total number of these is half a million, including civil servants, pensioners, unemployed, etc., and their dependants.

NEW ZEALAND

Apart from minor concessions the only important reduction in taxation is a further cut in the rate of the "wages tax" for the relief of unemployment. Last year it was reduced from 1s. in the £ to 10d, and there is to be a further reduction to 8d; but the Government says that the funds available for relief will actually be increased as compared with last year. It should be noted that the wages tax is generally deducted at the source, so this concession will be felt at once.

The budgetary position for 1935–36 is compared in the following table with the previous year's results. (This table does not include the estimated yield of the wages or unemployment tax—£4,200,000.)

Revenue.	1935–36 *Estimates.* £	1934–35 *Results.* £
Taxation	20,720,000	20,177,607
Interest receipts	2,734,000	2,930,245
Other receipts	2,408,000	3,018,242
	25,862,000	26,126,094
Less reductions in railway interest on account of increase in salaries	120,000	—
	25,742,000	26,126,094
Expenditure.		
Debt services	9,441,000	9,780,628
Exchange	1,636,000	1,459,159
Transfer of highways revenue	2,041,000	1,586,965
Other permanent appropriations	633,000	615,010
Annual votes:		
Social services	7,295,000	7,144,736
Other votes	4,165,000	3,913,098
Total, main estimates	25,211,000	24,499,596
7½ per cent. increase in salaries and wages	180,000	
Increase of pensions, etc.	137,500	
Other supplementary estimates	200,000	
	25,728,500	
Surplus	13,500	1,626,498

New Zealand,
October 1935.

SIR WILLIAM HARRISON MOORE

THE tragically sudden death of Sir William Harrison Moore on July 1 has been a severe loss, not only to Australia, but to the whole British Commonwealth. To the Melbourne Group of the Round Table, of which he had been the chairman since its inception, it is irreparable.

Harrison Moore was born in 1867, and had an outstanding career at King's College, Cambridge. He had not long been reading in the late Sir Thomas Scrutton's chambers when he was appointed to the Chair of Law at the University of Melbourne. He arrived in Melbourne in 1893 to take up the duties that were to prove his main concern until 1927. For a man whose dominant interests were in constitutional, imperial and international affairs, those thirty-five years were full of significant developments, and Moore established a high reputation, in Australia and abroad, as writer, thinker, teacher and publicist. Sir Harrison Moore (he had been created K.B.E. in 1925) retired from university life in 1927, at the height of his powers, but only to discharge public duties more honourable than before, and to attack intellectual problems more exacting. He represented Australia at the League of Nations Assembly in 1927, 1928 and 1929; at the International Copyright Conference in Rome in 1928; and at the Conference on the Operation of Dominion Legislation in 1929.

Moore's qualities of leadership came from intellect and character alone. He was superbly unaffected and unassuming, honest, sincere and straightforward. One of his most distinguished pupils and friends has said truly that " he was a living proof of the proposition that if a speaker has anything to say that is worth saying, it is not

really always necessary to shout in order to be heard. He never shouted, but he was always listened to with respect. Even when he held strong views he relied upon reason, and not upon noise." He took the greatest pains to understand the views of those from whom he differed. He would conduct a controversy with the utmost firmness, but with a courtesy and an impersonal tenacity that left no bitterness in his opponents. He had great gifts of friendship, sympathy and understanding, which made him, among his juniors, the very ideal of the "elder statesman".

As a thinker, Moore had essentially the qualities that the common law, at its best, prides itself on producing. He had a thorough grasp of principle. He combined intense patient thoroughness and profound learning with intellectual subtlety, philosophic insight and a kind of realistic speculative power of a very high order. With such gifts for constructive thinking, his mind ranged always, to the end of his life, at the frontiers of his subjects, where the unsolved problems lay. Nothing was more characteristic of him than the thoroughness with which he kept in critical touch with the new movements in economics and politics in which lie the problems of the constitutional lawyer. He had just completed when he died a detailed study of the law to be applied in legal disputes between members of the British Commonwealth of Nations, and between the component members of the federal Dominions.

Harrison Moore's contribution to legal education in Australia was an outstanding one. Just before he arrived in Melbourne, the University had been entrusted with the whole of the training for the profession. The temptation in such circumstances is to allow university courses to become purely technical. Moore did not have to create *ab initio* a liberal view in the curriculum of his law school; that had been well done by his predecessors. What he did was to make it an established tradition, and to mould the ideas current in the ancient British universities to meet the requirements of an overseas community, in which

university courses were also the professional training schools. He acted courageously on the principle that in a federal community like this, a part of the overseas Empire, and a community in which the State plays so great a part in economic and social life, constitutional studies are much more important than the traditional university curricula had made them.

Australian federation was more than " in the air " when Moore arrived in Melbourne, and he came to a community in which discussion of governmental forms was already keen. He began at once to take an active part in these discussions, and it is as the most learned interpreter of the new Commonwealth constitution that his name is perhaps best known abroad. It was a loss to the Commonwealth that he should have been abroad when the Royal Commission on the constitution was set up. He was for many years the regular, and throughout the frequent, adviser of governments upon difficult problems arising under the Commonwealth constitution.

On the general working of responsible government Harrison Moore was likewise a recognised authority. He had a deep faith in the fundamental postulates of representative parliamentary democracy in the British tradition, and a profound understanding of the relations between the different elements in a constitution that were required by adherence to those postulates. He was one of those wise leaders who in a crisis turn back always to consider fundamental principle. In any controversy about the relations between Governor and Ministers, between Ministers and Parliament, or between one House and another, a pronouncement from him was always an important event. In these matters, his tendency was soundly conservative; he had a deep reverence for the law, and a high conception of the function of the Crown in the constitution. Not that he was a believer in " personal government ", either in Great Britain or in a Dominion. He was too strong a constitutionalist for that. In his view

of the constitution the Crown had, and was responsible fo
using when necessary, great reserve powers, in order tc ensure obedience to law and to the will of the people. "The Crown is not an end in itself; like every other institution of government, it exists for the sake of the country." So runs the concluding sentence of one of his last published papers.*

Ever since the war, imperial and international affairs had become increasingly Moore's major concern. His interest in international affairs was not at the expense of, but rather an integral part of, his loyalty to the Empire and his concern for its future. Here again his attitude was generally conservative, but with a just and liberal appreciation of new tendencies. He accepted "Dominion status", with its implications, because at bottom he was so staunch a believer in responsible government. If he preferred "Empire" to "Commonwealth", it was not because he hankered after the retention of a wide area of central control from Westminster, but rather because he felt—with characteristic subtlety—that the relation between the British communities involved "an Anglo-Australian or Anglo-Canadian, an Empire rather than a Commonwealth feeling".

In his view there were two fundamental facts of Empire. The first was the sense of *community* experienced by a great part of the people in all the Dominions. The common citizenship of all "British subjects" was not for him a mere legal category, but "a constant reminder of an unbroken continuity of community and fellowship. They (the people of the Dominions) share, without dividing, the inheritance of history, tradition, culture and institutions". There was ample room for freedom and diversity, for distinct Dominion consciousness, but the experience of continuity, of an imperial citizenship remained. "I do not ask myself whether I am English or Australian in any sense which excludes the one from the other or sets one

* "The Constitution in Crisis," *Quarterly Review*, April 1933, p. 227.

above the other." Because of that very sense of community, the British Commonwealth presented "extraordinary advantages for everything that the world is seeking through the League of Nations—peace, disarmament, co-operation". Even the assurance of co-operation in defence, though not perhaps complete, is "far greater than anything which subsists under the Covenant or the Pact of Paris. . . . No formal alliances with foreign Powers would bring anything like the same confidence".

The second fundamental fact of Empire, in Moore's view, was that though the Dominions have secured substantial independence and equality of status, "apart from the Empire their weight in the world individually is small". He regarded the stability of the British Commonwealth as of the first importance for world peace, and held that leadership from Great Britain was essential to the stability of the Empire itself, and therefore also to the discharge of the Empire's responsibility in the world at large. Accordingly, policy within the Commonwealth should aim at avoiding conditions that would frustrate British leadership. That is not everybody's ideal for the development of British Commonwealth relations. It is not by any means shared by all Australians. But it is a view which in the day of crisis will probably be acted on in practice by many, in Australia and in other Dominions, who would not in terms accept it now.

Essentially a practical idealist, Harrison Moore was the very embodiment of what THE ROUND TABLE stands for. From the inception of the review, he was himself a frequent contributor to the Australian section. To the leadership of the Melbourne Group he gave without stint his great qualities of intellect and character. His presence was a source of strength and illumination to us all. His memory remains active among us as an inspiration.

Australia,
September 1935.

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